

CRS Report for Congress

Cyprus: Status of U.N. Negotiations and Related Issues

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Summary

Cyprus has been divided since 1974. Greek Cypriots, 76% of the population, live in the southern two-thirds of the island. Turkish Cypriots, 19% of the populace, live in the “Turkish Republic of Northern Cyprus” (TRNC), recognized only by Turkey, with about 36,000 Turkish troops providing security. United Nations peacekeeping forces (UNFICYP) maintain a buffer zone between the two. Since the late 1970s, the U.N., with U.S. support, has promoted negotiations aimed at reuniting the island as a federal, bicomunal, bizonal republic.

The U.N. Secretary General’s April 5, 1992, “Set of Ideas” was a major, but unsuccessful, framework for negotiations for an overall settlement. Next, both sides accepted U.N. confidence-building measures only in principle and they were not recorded or implemented.

The prospect of Cyprus’s European Union (EU) accession and its eventual membership intensified and complicated settlement efforts. After five rounds of U.N.-mediated proximity (indirect) talks beginning in December 1999, Secretary General Kofi Annan presented “observations” on substance and procedure on November 8, 2000, leading Turkish Cypriot leader Rauf Denktash to withdraw from the talks for a year. Denktash and (Greek) Cypriot President Glafcos Clerides finally met on December 4, 2001 and agreed to begin direct talks on January 16, 2002. On November 11, 2002, Annan submitted a comprehensive settlement Plan based on Swiss and Belgian government models, but the two sides did not agree on it. After still more negotiations, Annan announced on March 11, 2003 that his efforts had failed. Cyprus signed an accession treaty to join the EU on April 16.

The December 14, 2003, Turkish Cypriot parliamentary elections in northern Cyprus produced a new government determined to reach a settlement. The U.N. led new negotiations from February 19-March 22, 2004, and again they failed. Talks continued in Switzerland, with Greek and Turkish leaders present. Annan presented a final, revised Plan on March 31. In referenda on April 24, 76% of Greek Cypriot voters rejected the Plan, while 65% of Turkish Cypriot voters accepted it. Annan blamed (Greek) Cypriot President Tassos Papadopoulos for the result. Cyprus joined the EU on May 1, 2004. More than two years later, Papadopoulos and Turkish Cypriot leader Mehmet Ali Talat met U.N. Undersecretary Ibrahim Gambari and agreed, on July 8, 2006, to discuss “issues that affect day-to-day life” and, concurrently, substantive issues. Their accord has not yet been implemented.

Some Members of Congress have urged the Administration to be more active, although they have not proposed an alternative to the U.N.-sponsored talks. Since the referenda, the Administration has been working to end the isolation of the Turkish Cypriots in order to diminish economic disparities between them and the Greek Cypriots and pave the way for reunification. Some Members have questioned this policy. Members are likely maintain their interest in Cyprus in the 110th Congress partly due to keen constituent concern. This CRS report will be updated as developments warrant.

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Most Recent Developments

As has often been the case when no major efforts are being made to advance a settlement on Cyprus, the focus has shifted to secondary issues. On December 29, 2006, the Turkish Cypriots began dismantling a footbridge (a metal overpass) at the Ledra (Lokmaci to the Turkish Cypriots) Street crossing in Nicosia (Lefkosa to the Turkish Cypriots), between Turkish Cypriot-inhabited northern and Greek Cypriot-inhabited southern Cyprus to facilitate the reopening of the crossing. Greek Cypriots said that crossing's reopening did not depend solely on the removal of the footbridge but also on the security for those crossing. (Greek) Cypriot President Tassos Papadopoulos said that he would take down a defense wall on his side of the street, if Turkey withdraws its troops from the vicinity and turns the area over to U.N. control or if the walled city of Nicosia is totally demilitarized and police and U.N. Peacekeeping Forces in Cyprus (UNFICYP) take over responsibility to police it. He also called for the removal of all symbols, such as Turkish Cypriot flags, that indicate a border checkpoint and not a crossing point.

Although the Greek Cypriots removed the wall on March 9, Papadopoulos reiterated that his preconditions must be met for the crossing to open. Meanwhile, Turkish Cypriot leader Mehmet Ali Talat questioned concerns about security at the crossing and stated that police and not soldiers would be on duty when the crossing is opened. He asserted that demilitarization of the city could only be realized in a comprehensive solution to the Cyprus problem. Similarly, the Turkish Foreign Ministry rejected preconditions for reopening the crossing. Five other crossing points are in operation, but the pedestrian shopping area of Ledra Street could be the busiest.

In January 2007, the (Greek Cypriot) government of Cyprus signed an agreement with Lebanon to delimit an exclusive economic zone for oil and gas exploration in the eastern Mediterranean. (In 2005, it had signed a similar agreement with Egypt.) Turkish Cypriots and Turkey argued that, because in their view Greek Cypriots do not represent the entire island and ignore the rights of the Turkish Cypriots, the agreement is not valid. Turkish Foreign Minister Abdullah Gul said that Turkey was determined to protect its rights and interests in the eastern Mediterranean, and the Turkish Minister of Energy announced that the Turkish Petroleum Corporation (TPAO) planned to start oil exploration in the Mediterranean with seismic studies this spring and summer. Greek officials have tried to calm the situation and distance themselves from the controversy, while calling on Turkey to respect the "sovereign right" of Cyprus to conclude international agreements. On February 15, (Greek) Cyprus began the process of granting exploration and

development licenses to international companies, and Turkey called on it not to do so. After several confused statements by the U.S. State Department about the applicability of the Law of the Sea to the situation, U.S. Ambassador to Cyprus Ronald Schlicher and the State Department spokesman noted that the Republic of Cyprus has the right as has the government of every sovereign state to conclude agreements with private organizations.

Background

The island Republic of Cyprus gained its independence from Great Britain in 1960. The 784,000 Cypriots are 77% of Greek ethnic origin, and 18% of Turkish ethnic origin. (Maronite Christians, Armenians, and others constitute the remainder.) At independence, the Republic's constitution defined elaborate power-sharing arrangements between the two main groups. It required a Greek Cypriot president and a Turkish Cypriot vice president, each elected by his own community. Simultaneously, a Treaty of Guarantee signed by Britain, Greece, and Turkey ensured the new Republic's territorial integrity and a Treaty of Alliance among the Republic, Greece, and Turkey provided for 950 Greek and 650 Turkish soldiers to help defend the island. However, at that time, the two major communities aspired to different futures for Cyprus: most Greek Cypriots favored union of the entire island with Greece (*enosis*), and Turkish Cypriots preferred to partition the island (*taksim*) and unite a Turkish zone with Turkey.

Cyprus's success as a new republic lasted from 1960-1963. After President (and Greek Orthodox Archbishop) Makarios III proposed constitutional modifications in favor of the majority Greek Cypriot community in 1963, relations between the two communities deteriorated, with Turkish Cypriots increasingly consolidating into enclaves in larger towns. In 1964, Turkish Cypriots withdrew from most national institutions and began to administer their own affairs. Intercommunal violence occurred in 1963-64, and again in 1967. On both occasions, outside mediation and pressure, including that by the United States, appeared to prevent Turkey from intervening militarily on behalf of the Turkish Cypriots. On March 4, 1964, the U.N. authorized the establishment of the United Nations Peacekeeping Force in Cyprus (UNFICYP) to control the violence and act as a buffer between the two communities. It became operational on March 27 and still carries out its mission today. (See "U.N. Peacekeeping Forces" below for details.)

In 1974, the military junta in Athens supported a coup against President Makarios, replacing him with a more hardline supporter of *enosis*. Turkey, citing the 1960 Treaty of Guarantee as a legal basis for its move, sent troops in two separate actions and, by August 25, took control of more than 36% of the island. This military intervention¹ had many ramifications. Foremost was the widespread dislocation of the Cypriot population and related refugee and property problems. The Athens junta fell, civilian government was restored in Athens and in Nicosia, Greece withdrew from NATO's military command to protest NATO's failure to prevent Turkey's

¹ Turkey officially refers to its action as a "peace operation." The Greek Cypriots and much of the international community refer to it as an "invasion."

action, and Turkey's civilian government entered an extended period of instability. U.S. relations with all parties, each of which blamed its fate on Washington's lack of support, suffered.

After 1974, Turkish Cypriots emphasized a solution that would keep the two communities separate in two sovereign states or two states in a loose confederation. In February 1975, they declared their government the "Turkish Federated State of Cyprus" (TFSC). In 1983, Turkish Cypriot leader Rauf Denktash declared the "Turkish Republic of Northern Cyprus" (TRNC) — a move considered by some to be a unilateral declaration of independence. Only Turkey has recognized the TRNC, which has a constitution and a 50-seat parliament. Denktash argued that creation of an independent state is a necessary precondition for a federation with the Greek Cypriots. He ruled out a merger with Turkey and pledged cooperation with U.N. settlement efforts.

Settlement Efforts and Other Developments

After 1974, U.N. negotiations focused on reconciling the two sides' interests and reestablishing a central government. They foundered on definitions of goals and ways to implement a federal solution. Turkish Cypriots emphasized bizonality and the political equality of the two communities, preferring two nearly autonomous societies with limited contact. Greek Cypriots emphasized the freedoms of movement, property, and settlement throughout the island. The two parties also differed on the means of achieving a federation: Greek Cypriots wanted their internationally recognized national government to devolve power to the Turkish Cypriots, who would then join a Cypriot republic. For the Turkish Cypriots, two entities would join, for the first time, in a new federation. These views could affect resolution of property, citizenship of Turkish settlers, and other legal issues. Since 1974, there have been many unsuccessful rounds of U.N.-sponsored direct and indirect negotiations to achieve a settlement:

1977 Makarios-Denktash Meeting. Agreed that (1) Cyprus will be an independent, nonaligned, bicomunal, federal republic; (2) each administration's control over territory will be determined in light of economic viability, productivity, and property rights; (3) freedom of movement, settlement, and property will be discussed; and (4) powers and functions of the central federal government would safeguard the unity of the country.

1979 Kyprianou-Denktash Communique. Cypriot President Spyros Kyprianou (Makarios's successor) and Rauf Denktash agreed to talk on the basis of the 1977 guidelines and address territorial and constitutional issues, giving priority to Varosha (Maras to Turkish Cypriots) and demilitarization, and to eschew union in whole or part with any other country. (Varosha is a formerly prosperous tourist area just north of the U.N. buffer zone. See map at end of report.)

1984 Proximity Talks. After the 1983 declaration of the "TRNC," U.N. representatives conducted proximity or indirect talks on constitutional arrangements, withdrawal of foreign troops, and the status of international treaties and guarantees.

1988-89 Talks. After futile informal direct talks, Cypriot President George Vassiliou and Denktash submitted papers that hardened positions. In April 1989, U.N. Secretary General Javier Perez de Cuellar proposed separate meetings. Denktash balked, but the U.N. believed the parties had agreed to “separate and periodic joint meetings.” In June, Perez de Cuellar circulated draft ideas for an agreement. Turkish Cypriots argued that the U.N. had exceeded its good offices role and would accept only a document drafted by the parties.

March 1990-April 1992. U.N. Security Council Resolution 649, May 13, 1990, reaffirmed the Secretary General’s right to make suggestions. It referred to the federal solution as bicomunal in its constitutional aspects and bizonal in its territorial aspects — the first U.N. reference to bizonality, a key concept for the Turkish Cypriots, who believe that it responds to their desire for separation.

In June 1991, Perez de Cuellar called for an international meeting. On August 2, President George H.W. Bush announced that Greece and Turkey had agreed to a U.N. conference on Cyprus. The Secretary General insisted, however, that the two sides be within range of agreement first. The Greek and Turkish Prime Ministers were unable to find common ground and, on October 8, de Cuellar reported that a conference was not possible. He blamed the failure on Denktash’s assertion that each side possessed sovereignty, which U.N. resolutions attribute solely to the Republic.

Set of Ideas. Secretary General Boutros Boutros-Ghali’s April 1992 Report to the Security Council presented a framework for a settlement, which he referred to as a “Set of Ideas.” The Secretary General suggested a bizonal federation of two politically equal communities, possessing one international personality and sovereignty. A bicameral legislature would have a 70:30 ratio of Greek Cypriots to Turkish Cypriots in the lower house and a 50:50 ratio in the upper house. A 7:3 ratio would prevail in the federal executive. Each community would be guaranteed to have a majority of the population and of land in its area. Non-Cypriot forces not foreseen in the 1960 Treaty of Alliance — that is, most Turkish troops — would withdraw. In June, Boutros-Ghali presented what diplomats referred to as a “non-map” of his territorial suggestions.

A revised U.N. draft provided for separate referenda in each community within 30 days of an agreement, an 18-month transitional period, withdrawal of Turkish troops, guarantees consistent with Conference on Security and Cooperation in Europe (CSCE) principles, an end of the Greek Cypriot trade embargo of Turkish Cypriots, free movement, a time-table for the return of Greek Cypriot refugees and their property, three constitutions (one for each community and one for the central government), vice-presidential (Turkish Cypriot) veto power (no rotating presidency), an island-wide referendum on European Community membership, and the return of Varosha and about 30 villages to Greek Cypriots. Turkish Cypriots would receive aid and compensation. Greek Cypriots would get Morphou. Denktash claimed that the territorial proposal would displace 40,000 Turkish Cypriots or about one-quarter of the north’s population. Vassiliou estimated that 82,000 Greek Cypriots would be able to return home and that Denktash’s 40,000 figure was inflated.

On August 21, Boutros-Ghali said that Denktash's territorial ideas were not close to his "non-map," but that Vassiliou was ready to negotiate an agreement based on it. The Secretary General concluded that an accord was possible if Turkish Cypriots foresaw territorial adjustment in line with his map. Denktash said that this was unacceptable. U.N. Security Council Resolution 774, August 26, 1992, endorsed the Set of Ideas and non-map. The Secretary General's November 19 Report implied Denktash's responsibility for the lack of progress. On February 14, 1993, Glafcos Clerides, who accepted the Set of Ideas only "in principle," was elected president of Cyprus.

Confidence-Building Measures. On November 19, 1992, the Secretary General called for confidence-building measures (CBMs): including a reduction of Turkish troops in exchange for a reduction in defense spending by the Republic of Cyprus; U.N. control of Varosha; contacts between Greek Cypriots and Turkish Cypriots; reduced restrictions on foreign visitors crossing the buffer zone; bicommunal projects; a U.N.-supervised island-wide census; cooperation in U.N. feasibility studies on resettlement and rehabilitation of people to be affected by territorial adjustments. From May 24 to June 1, 1993, Clerides and Denktash discussed opening Varosha and reopening Nicosia Airport, which has been under U.N. control but unused since 1974. Clerides insisted that all of Varosha be handed over, while Denktash balked at that idea and claimed that CBMs would benefit Greek Cypriots more than Turkish Cypriots. However, U.N. experts later determined that both sides would benefit and the Turkish Cypriots relatively more.

On January 28, 1994, Denktash agreed to CBMs in principle. He later argued that a March 21, 1994, U.N. draft of the CBMs unbalanced their equities. Clerides said that he would accept the March 21 text if Denktash would. The Secretary General's May 30 Report, made known on June 1, insisted that the March draft was not unbalanced. Boutros-Ghali blamed the Turkish Cypriots' lack of political will for the lack of agreement. On May 31, however, Denktash had said that he would accept the CBMs if improvements agreed to after March 21 were incorporated. Clerides would not negotiate beyond the March document. Boutros-Ghali determined that there was sufficient progress to implement CBMs based on the March paper and clarifications, and planned identical letters to each leader expressing his intentions and to request the Security Council to endorse the March 21 paper. Neither side accepted this procedure.

Missiles. On January 4, 1997, Cyprus contracted to purchase S-300 (SA-10) anti-aircraft missiles from Russia. The missiles have a 90-mile range able to reach southern Turkey and were to protect air and naval bases in southern Cyprus that would be used by Greece. On January 20, Turkish President Suleyman Demirel and Denktash reacted by signing a joint defense declaration, stating that any attack on the TRNC would be an attack on Turkey. In October, Turkey conducted exercises in northern Cyprus, including the mock destruction of missile launchers. The air base at Paphos, Cyprus became operational for use by Greek fighters on January 24, 1998, and Greece sent planes there in June. Turkey responded by sending its planes to northern Cyprus. Cypriot troops completed S-300 training in Russia in July with a test-firing.

On December 29, 1998, Clerides decided not to deploy the missiles after the EU, United States, Britain, and the U.N. provided an acceptable face-saving or political context for his decision. The key apparently was U.N. Security Council Resolution 1218, December 22, 1998, which requested the Secretary General to work with the two sides on limiting the threat or use of force, reducing tension, building trust, and on efforts to achieve progress toward a settlement.

Other Developments 1997-2001. In 1997, Secretary General Annan called for indirect talks followed by open-ended, direct talks between Clerides and Denktash. As goodwill gestures, Turkish Cypriots and Greek Cypriots exchanged visits to holy sites and held bicomunal events and meetings. During joint Greek-Greek Cypriot military exercises, Greek planes did not overfly Cyprus for about six months. Turkish planes did not overfly Cyprus for the same time. (The parties have generally held annual military exercises or made hostile gestures when progress is not being made in the settlement process and exercises have been called off when talks are held or prospects improve.) Clerides and Denktash met under U.N. auspices at Troutbeck, New York, July 9-12, and in Switzerland, August 11-15. Beforehand, Denktash said that he would not sign documents until the European Union (EU) suspended its accession negotiations with the (Greek) Cypriot government as the sole representative of Cyprus. He refused to sign a joint declaration at the end of the talks. (See "European Union," below.)

After the December 12, 1997, EU formal decision to begin accession talks with Cyprus, Denktash informed the U.N. that "intercommunal talks have ended," and that he would only participate in talks between states having equal status. The TRNC suspended all bicomunal activities except religious pilgrimages. On April 23, 1998, Denktash and Demirel called for negotiations only between sovereign, equal states and said that the special relationship between Turkey and the TRNC would be enhanced.

On June 20, 1999, the G-8 summit of leaders of major industrialized countries and Russia urged the Secretary General to invite the Cypriot leaders to negotiate without preconditions. On June 29, the Security Council called upon the two leaders to support a comprehensive negotiation with no preconditions, all issues on the table, and to negotiate in good faith until a settlement is reached, with full consideration of all U.N. resolutions and treaties. Another resolution said that the goal is a Cyprus with a single sovereignty that comprises two politically equal communities in a bicomunal, bizonal federation.

Proximity Talks. Annan and his Special Advisor Alvaro de Soto began proximity talks with Clerides and Denktash in December 1999. Five rounds of talks would be held through November 2000. U.N. Security Council Resolution 1283, December 15, 1999, reaffirmed all relevant resolutions on Cyprus, without specifying a bizonal, bicomunal federation with a single sovereignty as its goal. Annan's addendum noted "The Government of Turkey has indicated that it concurs with ... the position of the Turkish Cypriot party, namely that the UNFICYP (United Nations Peacekeeping Force in Cyprus) can operate on both sides of the island only on the basis of the consent of both parties" The Turkish Cypriots interpreted the wording as a move toward recognition of their state, and the Greek Cypriots were upset with

the Turkish Cypriot view. The Cypriot and Greek governments prevented inclusion of a similar addendum to U.N. Security Council Resolution 1303, June 15, 2000.

Denktash then linked his attendance at talks to steps proving that UNFICYP needed Turkish Cypriot cooperation. Turkish forces set up a three-man checkpoint outside Strovilia, a small Greek Cypriot village in the no-man's land separating the Turkish Cypriot-administered area and a British base, where UNFICYP forces cross between north and south. The Turkish checkpoint thus blocked UNFICYP access.

At the outset of talks in September, Annan said that he had concluded that the equal status of the parties "must and should be recognized" explicitly in a comprehensive settlement. Denktash was pleased. Clerides boycotted talks until reassured that they would take into account U.N. resolutions that call for a federal solution.

On November 8, Annan gave his "assessment" in a diplomatic "non-paper." Media sources reported that he called for one sovereign, indissoluble, common state with a single international legal personality; common state law would overrule regional law; political equality would be defined as effective "participation" in government, not numerically; component states would be to a great extent self-governed; the return of an "appreciable amount of territory" to Greek Cypriots, with as little dislocation of Turkish Cypriots as possible and return of as many Greek Cypriots as possible; and a security regime including an international military force, police, and a political mechanism.² Clerides welcomed these views. Denktash rejected them and, at a November 24 "summit" with Turkey's civilian and military leaders, announced his withdrawal from the talks because no progress could be made until two separate states were recognized. Turkey supported his decision.

On September 5, 2001, Alvaro de Soto said that the Secretary General had invited the two leaders to meet with him separately on September 12. Clerides accepted. Denktash did not because, "The necessary foundation has not been established." Denktash proposed a face-to-face meeting with Clerides and, although de Soto did not think it was a good idea, Clerides and Denktash met on December 4 for the first time since August 1997. The two leaders agreed to begin direct talks with no preconditions, all issues on the table, and to continue until a comprehensive settlement is achieved. On December 5, Clerides attended a dinner at Denktash's residence, thereby becoming the first Cypriot president to travel to the north since 1974. Denktash reciprocated by visiting Clerides's home for dinner on December 29.

Developments, 2002-2003. On January 16, 2002, Clerides and Denktash agreed to hold intensive peace talks beginning January 21 at Nicosia Airport, a U.N. base. On September 6, Annan's Report to the Security Council noted that "the elements of a comprehensive settlement ... exist," and "that the gaps dividing the parties can be bridged." Clerides observed, however, that there appeared to be no way of approaching sovereignty and whether there would be a new state or a

² Maria Myles, "Cyprus Problem - UN Non-Paper," *Cyprus News Agency*, Foreign Broadcast Information Service (FBIS) Document GMP20001109000182, November 9, 2000.

continuation of the Republic of Cyprus. On September 16, Denktash proposed Belgium as a model for foreign affairs and Switzerland as a model for domestic affairs.

Annan Plan. The Secretary General presented a draft of The Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem, commonly referred to as the Annan Plan, on November 11, 2002. It called for a “new state of affairs,” in which the “common state” government’s relations with its two politically equal component states would be modeled on the Swiss federal example. It would have a single international legal personality. Component states would participate in foreign and EU relations as in Belgium. Parliament would have two 48-seat houses. Each state would have equal representation in the Senate. Seats in the Chamber of Deputies would be allocated in proportion to population, provided that no state would have less than 25% of the seats. A Presidential Council would have 6 members; the offices of President and Vice President would rotate every 10 months among its members. No more than two consecutive presidents could come from the same state. Greek and Turkish troops could not exceed a four-digit figure (9,999). U.N. peacekeepers would remain as long as the common state, with the concurrence of the component states, decides. Cyprus would be demilitarized. During a three-year transition, the leaders of the two sides would be co-presidents. The 1960 Treaties of Establishment, Guarantee, and Alliance would remain in force. There would be a single Cypriot citizenship and citizenship of a component state; residence in a component state could be limited by citizenship, but such limits would have restrictions. Provisions would be made for return or compensation of property. Turkish Cypriot territory would be reduced to 28.5% of the island.

Clerides and Denktash submitted comments. Greek Cypriot concerns included power-sharing, the length of the transition period, insufficient Greek Cypriot repatriation, and the large Turkish settler population. Turkish Cypriots criticized sovereignty provisions, the loss of water resources and territory, which would displace many Turkish Cypriots, and the return of Greek Cypriots to the north. Annan’s December 10 revised Plan reduced the number of foreign troops and settlers and increased the number of returning Greek Cypriots, but reduced their numbers moving into Turkish Cypriot territory. He asked both sides to be in Copenhagen during an EU summit. Clerides and his National Council of all Greek Cypriot political party leaders were there, but Denktash went to Ankara for medical care and sent his “foreign minister” in his place. Annan had wanted a Founding Agreement signed by December 12, but this did not take place.

Turkish Cypriots demonstrated for EU membership for a reunified island, a settlement based on the U.N. Plan, and Denktash’s resignation between November 2002 and February 2003. On January 2, 2003, Recep Tayyip Erdogan, Chairman of the Justice and Development Party that had won the November 2002 parliamentary elections in Turkey, called for heeding the wishes of the people and pointedly said that he did not favor the policy of “the past 30 to 40 years....”³ Denktash and Clerides held talks from January 15 until mid-February 2003.

³ “Turkey’s Erdogan Faults Circles Seeking One-Sided Solutions in Cyprus,” *CNN Turk*, January 3, 2003, FBIS Document GMP20030103000112.

On February 21, Greece and Turkey began talks on security issues related to Cyprus. Annan presented his third revised plan on February 26. It included a British offer to transfer 45 square miles or almost half of its sovereign base areas on the island: 90% to the Greek Cypriots and 10% to the Turkish Cypriots, if the two sides agreed to the Annan Plan. Revisions allowed Turkish Cypriots to retain the Karpass Peninsula, with Greek Cypriots settling there as well. Turkish Cypriot territory would decrease to 28.2%, and the number of Greek Cypriots returning north would increase to 92,000, but be capped at 21% of that region's population at the end of 15 years, and the number of Turkish settlers allowed to remain on the island would increase. Annan asked Denktash and the newly elected President of Cyprus Tassos Papadopoulos to permit separate, simultaneous referenda on the Plan on March 30.

On March 10, 2003, Annan met Papadopoulos and Denktash in The Hague. The next day, Annan announced that he had been unsuccessful. Papadopoulos wished to be sure that gaps in federal legislation and constituent state constitutions would be filled, that Greece and Turkey would commit to security provisions, and that there was time for a campaign on the referendum. He was prepared not to reopen substantive provisions if Denktash did the same. (On November 20, 2003, Papadopoulos asserted that he would not have signed even if Denktash had done so.⁴) Denktash objected to basic points of the Plan, would not put it to a referendum, and argued that negotiations should begin anew. Annan suggested that negotiations continue until March 28 and that referenda be held on April 6. The parties did not agree. Annan announced that it was not possible to achieve a settlement before Cyprus signed the EU accession treaty on April 16. Annan's April 1 Report said that Denktash "bears prime responsibility" for the failure, a conclusion echoed by U.N. Security Council Resolution 1575, April 14, 2003. On April 18, Annan stated the Plan could be amended, but it "must be accepted as a basis for negotiating first."

On April 23, the Turkish Cypriot administration opened border checkpoints. The Cypriot government declared the decision illegal, but facilitated free movement. Residents have since made millions of border crossings with very few incidents. On April 30, the Cypriot government announced measures facilitating the movement of Turkish Cypriot goods, persons, and vehicles and employment in the south, but implementation was slow due to legal obstacles. Later Turkish Cypriot goodwill measures included scholarships, improved telephone communication, and trade.

Papadopoulos said that he was ready to negotiate based on the Annan Plan if it were improved to take into account the Treaty of Accession to the EU and to create a more viable and workable solution. Denktash stated "there is nothing to discuss." In his November 12 Report, Annan reiterated that "no purpose would be served" in renewing his mission of good offices unless both Cypriot parties, Greece, and Turkey were ready to finalize negotiations on the basis of his February 2003 Plan and to put the results to referenda shortly thereafter.

⁴ Statement made in November 20, 2003 interview published as "Cypriot President Interviewed on Cyprus Problem, EU Accession," *Politis*, November 23, 2003, FBIS Document GMP20031123000042.

2004 Referenda and After. On January 12, 2004, after meeting with Turkish officials, Denktash admitted, “The Annan Plan is still on the table....” On January 23, the Turkish National Security Council — the country’s highest ranking military and civilian leaders — reiterated its determination to reach a solution with the Plan as a reference.⁵ On January 24, Prime Minister Erdogan told Annan that Turkey wanted talks to resume to reach an agreement and hold referenda before May 1 (when Cyprus was scheduled to join the EU). Erdogan declared that if the two sides could not fill in all the “blanks,” then Turkey would allow Annan to do so if the Greek Cypriots accept that as well.⁶

Following talks with Annan in New York, February 10-13, Papadopoulos and Denktash agreed to resume negotiations on February 19 on Cyprus. They failed to agree on revising the Plan in talks held until March 22. On March 17, Denktash said that he would not attend follow-on talks in Switzerland beginning on March 24, and later declared that he would campaign against an accord. Prime Minister Mehmet Ali Talat represented northern Cyprus. On March 29, Annan presented a final revised Plan. Changes called for a Presidential Council with six voting members and additional non-voting members to be decided by Parliament to exercise executive power. The offices of President and Vice President would rotate every 20 months. Greek Cypriots displaced in 1974 who return north would be limited to 18% of the population there; Turkish military forces on the island would be reduced to 6,000 over 42 months and further in subsequent years; when Turkey joins the EU, the number falls to 650 Turkish troops and 950 Greek troops. Greek Cypriots would have more property returned. Annan announced on March 31 that the Plan would be put to referenda on April 24.⁷

In an emotional speech on April 7, Papadopoulos rejected the Plan for a number of reasons. Among them were doubt about whether the Turkish parliament would ratify the settlement plan; belief that Turkish Cypriots would gain immediate benefits (i.e., the end of the Republic of Cyprus and creation of a United Republic of Cyprus), while the Greek Cypriots would only see gains in the future; restrictions on Greek Cypriot acquisition of property in northern Cyprus and on return of refugees there, and the denial of political rights of (Greek Cypriot) returnees to the north; Greek Cypriot insecurity due to the authorization of even a small number of Turkish troops and increased Turkish guarantor rights; doubt about the economic viability of the Plan and concern about its harm to the Greek Cypriot standard of living; and belief that the island would not really reunify because there would be two states living separately and governmental decision-making procedures could create “paralyzing impasses.” Finally, Papadopoulos admitted his preference for a solution after

⁵ “Turkey: MGK Notes Need to Begin Initiatives to Revive Cyprus Negotiation Process,” TRT 2 Television, FBIS Document GMP20040123000189.

⁶ Karl Vick, “Turkey Asks U.N.’s Annan to Restart Cyprus Talks,” *Washington Post*, January 25, 2004.

⁷ For the final Plan, see [<http://www.annanplan.org/>].

Cyprus's accession to the EU when it would have more leverage over Turkey given Turkey's aspirations to become an EU member.⁸

The U.N., EU, and United States criticized Papadopoulos's speech as part of a distortion of and a propaganda campaign against the Plan to feed the Greek Cypriots' sense of insecurity, and the three objected to government restrictions on broadcasting views favoring the Plan.⁹ Greek Prime Minister Karamanlis half-heartedly endorsed the Plan, saying that positive elements outweighed "difficulties." As noted above, Denktash rejected the Plan, but Prime Minister Talat called for a "yes" vote. The Turkish government supported the Plan.

The United States and Britain tried to address the guarantee or insecurity issue with a U.N. Security Council resolution to replace UNFICYP with a U.N. Settlement Implementation Mission in Cyprus (UNSIMIC), and other measures. On April 21, Russia vetoed the draft, saying that, while it supported Annan's efforts, the Council should not act before the referenda and that the draft should have been discussed more. (Greek) Cypriot Foreign Minister George Iakovou had previously visited Russia to explain his government's opposition to the Annan Plan.

In referenda held on April 24, 76% of Greek Cypriot voters rejected the Plan, while 65% of Turkish Cypriot voters accepted it. Afterwards, Talat urged the international community to end northern Cyprus's isolation by lifting restrictions on trade, travel, sports, and flights in order for it to develop economically and attract foreign investment. He said that he would not seek international recognition of the TRNC because Turkish Cypriots voted for and want reunification of the island. (Greek) Cypriot officials argued that direct flights and exports from the north would not contribute to reunification and that it was the sovereign right of the Republic of Cyprus to determine legal ports of entry for persons, capital, and goods.

In his May 28, 2004 Report, Annan described developments leading to the referenda. He said that the Greek Cypriots' vote must be respected, but they need to demonstrate willingness to resolve the Cyprus problem through a bicomunal, bizonal federation and to articulate their concerns about security and implementation of the Plan with "clarity and finality." As a contribution to reunification, he called for the elimination of restrictions that have the effect of isolating the Turkish Cypriots. He concluded, "A solution ... also needs bold and determined political leadership on both sides of the island, as well as in Greece and Turkey, all in place at the same time, ready to negotiate with determination and to convince their people of the need to compromise." He criticized Papadopoulos in particular. On June 7, Papadopoulos wrote to Annan about "inaccuracies" in his Report.¹⁰ Annan stood by his Report. The Security Council has not endorsed the Report due to Russian objections on behalf of the Greek Cypriots.

⁸ "Cyprus President Calls for Rejection of UN Reunification," BBC Monitoring European, April 8, 2004.

⁹ "U.S. Accuses Greek Cypriot Leaders of Derailing Unification Vote," *New York Times*, April 27, 2004.

¹⁰ The text of President Papadopoulos's letter to the Secretary General is available online at [http://www.antibaro.gr/national/papadopoulos_to_anan.php].)

In his September 24 Report, Annan stated that he still saw no basis for resuming his good offices mission, and that Greek Cypriot and Turkish Cypriot leaders had ceased contacts and signs of mutual distrust had reappeared. Annan asserted that he did not intend to appoint a new Special Advisor on Cyprus (to replace de Soto, who was reassigned).¹¹ On February 10, 2005, Annan observed that the Turkish side, particularly Erdogan, had indicated a possible readiness to resume talks. Annan urged Papadopoulos to put on paper the changes that he would want to have in the Plan. On March 21, 2005, Papadopoulos asserted,

When the Greek Cypriot side gives in writing and in detail the changes it wants to a U.N. settlement plan, then the U.N. Secretary General will decide if ... 'we are proving our political will for a settlement.' This means that he will have the right alone ... to ... decide if what we are asking for is reasonable, if it provides the basis for the resumption of his initiative.... We will not accept another mediating role of the U.N. Secretary General. The national issues ... can(not) be ... solved through the mediation of a foreigner....¹²

He added that Cypriots must have a reasonable expectation of success in the next talks, which have to be well prepared.

On May 27, 2005, Annan again reported little sign of improvement. He maintained that Greek Cypriot litigation against those buying Greek Cypriot property in the north in southern courts and in the European Court of Human Rights against Turkey "poses a serious threat to people-to-people relationships and to the reconciliation process." Implicitly challenging a Greek Cypriot view, Annan asserted that the rotation of Turkish troops and equipment did not imply a "reinforcement" because numbers and types remain unchanged. Under Secretary General for Political Affairs Kieran Prendergast visited Cyprus, Greece, and Turkey and reported on June 22 that there was neither a level of mutual confidence nor a disposition to compromise and that "launching an intensive new process prematurely would be inadvisable." Papadopoulos reportedly told Prendergast that he wanted to reopen most of the issues in the Annan Plan. On October 26, Papadopoulos said that he wants a U.N. initiative with more active EU involvement. On November 1, Talat responded that the EU cannot promote a solution because it is not an "unbiased organization" since only the Greek Cypriot side is in the EU.

Military exercises, which had not been held for three years in order to reduce tensions, were conducted by the (Greek) Cypriot National Guard from October 18-23 without the Greek army contingent on Cyprus. Greece did not hold a military exercise usually held in cooperation with the Cypriot one. In November, Turkish forces on Cyprus held exercises.

In his November 29 Report, Annan again concluded that time is not ripe to appoint a full-time person to carry out his good offices mission.

¹¹ There is still a Special Representative, who is Chief of the U.N. mission and head of the U.N. Peacekeeping Force on Cyprus (UNFICYP).

¹² "Cyprus President Wants New UN Initiative for Cyprus Settlement," *Cyprus News Agency*, March 21, 2005, FBIS Document GMP200503222000135.

Developments in 2006. On January 24, 2006, Turkey presented a 10-point Action Plan (sometimes called the Gul Plan for Foreign Minister Abdullah Gul) to the Secretary General, proposing the opening of Turkish ports, airports, and airspace to Greek Cypriot ships and planes; opening of ports and airports in northern Cyprus; inclusion of Turkish Cypriots in international activities; and special arrangements to include north Cyprus in the European Union's customs union. It also recommended quadripartite talks among Turkey, Greece, and Turkish and Greek Cypriots.¹³ The (Greek) Cypriot government rejected the proposal, saying that it was an attempt by Turkey to evade its obligations to the EU and upgrade the status of the Turkish Cypriot community, and reiterated proposals concerning the opening of Famagusta (Gazimagusa to Turkish Cypriots). (See "European Union" below.) The U.S. State Department termed the plan "a welcome step."

On February 5, 2006, Papadopoulos reiterated three conditions for resuming talks: no mediation, no timetables, and a referendum on a solution. Meanwhile, on February 23, Talat said that the Cyprus question could not be resolved without a deadline and arbitration.

On February 28, Annan and Papadopoulos met in Paris. Annan stated that the Greek Cypriot and Turkish Cypriot leaders had agreed to undertake bicomunal discussions at the technical level on a series of issues to benefit all Cypriots, with the aim of restoring trust between the two communities and preparing for the earliest full resumption of the negotiating process. Annan and Papadopoulos also agreed that it would be beneficial if progress could be made on disengagement of forces, demilitarization of the island, and the complete demining of Cyprus, and on Famagusta. The meeting prompted new disagreements between the parties.

On April 26, Talat said that he is ready to start settlement talks from scratch, but that it would be more rational to begin with the Annan Plan. On May 10, Papadopoulos declared that he would never accept the reintroduction of the Annan Plan even with marginal changes and asserted, "The objective is a new solution that will effectively deal with the concerns of Cypriot Hellenism."¹⁴

In his May 23, Report, Annan stated that there have been "no tangible indicators of an evolution in the respective positions" of the Greek Cypriots and Turkish Cypriots that had produced the current impasse, although they had signaled some willingness to begin to re-engage.¹⁵ On July 3, Papadopoulos and Talat met for the first time since March 2004 at the residence of the U.N. Secretary General's special representative on Cyprus Michael Moeller, on the sidelines of a meeting of the U.N. Committee on Missing Persons.

¹³ For text, see [<http://www.mfa.gov.tr/>].

¹⁴ U.S. Embassy Nicosia Public Affairs Office, Greek Cypriot Media Reaction Report May 11, 2006, Open Source Center Document EUP20060511430001.

¹⁵ See [<http://www.un.org/Docs/sc/>] for the Secretary General's May 23, 2006, Report on the United Nations Operation in Cyprus as well as all earlier reports and U.N. resolutions discussed below.

From July 3-9, U.N. Undersecretary General for Political Affairs Ibrahim Gambari visited Greece, Turkey, and Cyprus. On July 8, after meeting Papadopoulos and Talat, Gambari presented a joint statement of a "Set of Principles," five points including an agreement to begin discussing "issues that affect the day-to-day life of the people and concurrently those that concern substantive issues, both of which will contribute to a comprehensive settlement." Moreover, "to ensure that the 'right atmosphere' prevails for this process to be successful," they agreed that "an end must be put to the so-called 'blame game.'" Technical committees dealing with day-to-day issues were to begin work by the end of July provided that the two leaders have exchanged a list of issues of substance to be studied by expert bicomunal working groups. The two leaders will meet from time to time to give instructions to the working groups and review work of the technical committees. The two sides have continued to emphasize different approaches despite this seeming accord.

On July 31, Greek Cypriots and Turkish Cypriots exchanged lists of issues to be discussed in accordance with the July 8 agreement. They continued to differ on the agenda and procedures. Talat submitted two lists: one of technical issues and one on the essence of the Cyprus problem. For him, technical issues include environmental protections, missing persons, and policing. Essential ones include Turkish troops, property rights, territory, and the government of a (re)united Cyprus. The Turkish Cypriots want to pursue both tracks simultaneously, with direct talks between Talat and Papadopoulos on essential issues. (Greek) Cypriot Foreign Minister George Lillikas said that his side wants technical committees to prepare the ground for direct talks. (Papadopoulos also said that he did not want talks between the leaders to be used to prevent the European Union (EU) from pressing Turkey to meet its obligations to open its ports and airports to the Greek Cypriots. See "European Union" below for more on this issue.) For the Greek Cypriots, technical issues reportedly include checkpoints, introduction of the Euro, drug trafficking, money laundering, policing, and movement of persons. Core issues include governance, central bank, Turkish troops, settlers, citizenship, property, and the like.

On November 15, U.N. Undersecretary Gambari wrote to Papadopoulos and Talat to advance implementation of the stalled July 8 agreement. Gambari proposed the creation of working groups on political issues and technical committees on confidence-building as well as a schedule of meetings of the two leaders. The U.N. Secretary General's Special Representative on Cyprus Michael Moeller had raised these ideas earlier in meetings with Tassos Tzisionis and Rasit Pertev, advisors to Papadopoulos and Talat, respectively. Both leaders responded positively to Gambari's letter, and Tzisionis and Pertev have held more meetings with Moeller, but neither technical committees nor working groups have met.

Other Factors Affecting the Talks

Domestic Politics in Cyprus

On February 16, 2003, Tassos Papadopoulos was elected president of Cyprus as the candidate of several parties: his right-wing Democratic Party (DIKO), the Reformist Party of Working People (AKEL/Eurocommunist party), the Social Democratic Movement (EDEK), and the Greens. (Papadopoulos is a controversial nationalist whose law firm represented Serbian enterprises and allegedly helped them establish front companies on Cyprus to violate U.N. sanctions on the former Yugoslavia. He was on the U.S. Office of Foreign Assets Control list of “blocked persons” until 1995, when sanctions were lifted.) On August 29, 2006, Papadopoulos resigned as DIKO leader because, he said, of his presidential duties, but undoubtedly also to begin positioning himself to run for re-election in 2008 with the support of several parties. AKEL leader Dimitris Christofias, as Speaker of parliament, acts for the president when he is absent or incapacitated. The 1960 Constitution reserves the vice presidency for a Turkish Cypriot.

The results of a Cyprus Broadcasting Corporation (Greek Cypriot state television) public opinion survey published in early April 2006 indicated that 48% of Greek Cypriots do not want to live with Turkish Cypriots, compared to 45% who seek coexistence. In the 18 to 25 age group, 63% favor living separately from Turkish Cypriots, while 31% favor living with them. In 2003, 67% had supported coexistence and 28% opposed it. The pollster interpreted this as a trend in favor of partition of the island and opined that young Greek Cypriots had not been prepared to live alongside Turkish Cypriots.¹⁶

In the May 21, 2006, elections for the 56-seat unicameral (Greek) Cypriot House of Representatives, AKEL placed first with 31.16% of the vote and 18 seats (down two from 2001), and the opposition Democratic Rally (DISI) led by Nikos Anastasiadis was second with 30.33% and 18 seats (down one). Papadopoulos’s DIKO was third, making notable gains with 17.91% of the vote and 11 seats (up 2). EDEK took 8.91% and 5 seats (up 1); the European Party (EVROKO), 5.73% and 3 seats (up 1); and the Greens, 1.95% and 1 seat. DIKO’s gains as well as those of EDEK, EVROKO, and the Greens, which share Papadopoulos’s views on a settlement, are seen as an endorsement of his hardline policies. Christofias was reelected Speaker.

Rauf Denktash led northern Cyprus from 1975 to 2005. The December 14, 2003, parliamentary elections had produced a tie between supporters and opponents of the Annan Plan in the 50-seat legislature. A coalition of the Republican Turkish Party (CTP) and the Peace and Democracy Movement (BDH) had hoped to oust Denktash as negotiator and achieve a solution based on the Annan Plan by May 2004, when Cyprus was to enter the EU. Instead, a close race produced a coalition government with Mehmet Ali Talat as Prime Minister and Serdar Denktash, Rauf’s son, head of the Democrat Party (DP), as Deputy Prime Minister and Foreign

¹⁶ “Poll Results Said ‘Not Very Encouraging’ for Objective of Cyprus’ Reunification,” *Cyprus Mail*, April 4, 2006, Open Source Center Document EUP20060405431002.

Minister. After several members resigned, however, the government was rapidly reduced to a minority and could not legislate. Early parliamentary elections were held on February 20, 2005. With an 80% voter turnout, the CTP took 44.45% of the vote and 24 seats, while the National Unity Party (UBP) won 31.71% and 19 seats, DP won 13.49% and 6 seats, and BDH 5.81% and 1 seat. Talat and Denktash formed a new coalition.

On April 17, 2005, Talat had been elected “President” of the TRNC with 55.6% of the vote to 22.7% for UBP’S Dervis Eroglu, in a field of nine. Ferdi Sabit Soyer of the CTP became Prime Minister. On February 11, 2006, Huseyin Ozgurgun succeeded Eroglu as leader of the UBP.

On June 25, 2006, mid-term elections for vacant seats changed the distribution of seats in parliament to CTP 25, UBP 17, DP 7, and BDH still 1. On September 8, three UBP deputies and one DP deputy resigned from their parties; CTP then ended its coalition with DP. The UBP and DP defectors formed the Freedom and Reform Party (ORP) or Free Party for short, chaired by Turgay Avgi. UBP and DP charged that unethical methods were used to effect the government change, and some suggested that the ruling party in Turkey, the Justice and Development Party (AKP), had meddled to assist in the defections.¹⁷ UBP and DP boycotted the opening session of parliament on September 18. Prime Minister Soyer formed a new coalition of CTP and the Free Party; Avgi is Foreign Minister.

Policies of Greece and Turkey

The “motherlands,” Greece and Turkey, defend and protect their ethnic kin, and their bilateral relations, strained over Aegean Sea issues, have been further harmed because of Cyprus. On November 16, 1993, Greek Prime Minister Andreas Papandreou and (Greek) Cypriot President Clerides agreed to a still-effective joint defense doctrine whereby their governments would decide on the Cyprus issue jointly, Greece would include Cyprus in its defense plan, and any Turkish advance would lead to war between Greece and Turkey. Clerides announced in April 1994 that Greece would provide air cover for Cyprus, while Cypriot bases would refuel Greek Air Force planes, a naval base would be set up, and elite Greek troops would bolster land forces.

Meanwhile, Turkish governments had argued for years that the Cyprus problem was not acute because Turkish Cypriot security had been ensured since 1974, and that dialogue was the appropriate channel for resolution. Turks agree that their armed forces should not withdraw from Cyprus until Turkish Cypriots’ rights are guaranteed effectively. In a policy shift, the current Turkish government maintains that no solution is not a solution and has repeatedly sought U.N. action. Turkey has promised \$1.8 billion in aid to the TRNC over three years, from 2007 to 2009.

In July 1999, Greece and Turkey began a dialogue, excluding Cyprus and the Aegean, that has led to many bilateral accords and a rapprochement. In 2004, new

¹⁷ U.S. Embassy Nicosia, Public Affairs Office, Turkish Cypriot Media Reaction Report, September 12, 2006.

Greek Prime Minister Costas Karamanlis said that a resolution of the Cyprus issue should not be a precondition for Turkey joining the EU or for improving Greek-Turkish relations. Some analysts have suggested that Athens has advised Nicosia that its actions must not harm Greece's national interest, defined as diminishing the Turkish threat to Greece by keeping Turkey on the path to EU membership. Therefore, in this view, Athens will tolerate any action by Nicosia in the EU short of the exercise of its veto power against Turkey's EU progress.

European Union¹⁸

A customs agreement between Cyprus and the European Community (EC) came into force in 1988. On July 4, 1990, Cyprus applied for EC membership. Turkish Cypriots objected because, by accepting the application, the EC recognized the Republic's government and not their own. Greece's EC membership and Turkey's lack thereof led Turks and Turkish Cypriots to view increased EC/EU involvement with Cyprus as favoring Greek Cypriots to their detriment.

The EU was to set a date for Cyprus's accession negotiations in January 1995. The EU preferred a prior settlement of the Cyprus issue, but was willing to begin talks without one. In December 1994, Greece had vetoed an EU-Turkey customs union and some Europeans demanded that the veto be lifted before addressing Cyprus's application for membership in the EU. On March 6, 1995, the EU separately ratified the customs union accord and scheduled accession talks with Cyprus. At Greece's insistence, the (Greek Cypriot government of the) Republic was the EU's interlocutor. Turkish Cypriots were excluded from accession talks. Denktash asserted that if Cyprus became an EU member while Turkey was not a member, then it would weaken Turkey's security guarantees and create a surrogate union between Greece and Cyprus.

On July 10, 1997, the European Commission reconfirmed that membership talks with Cyprus would open in 1998. On July 20, 1997, then Turkish Deputy Prime Minister Bulent Ecevit and Denktash issued a joint declaration, noting the July 10 statement and calling for a process of partial integration between Turkey and TRNC to parallel that of Cyprus and the EU.

On several occasions, then Greek Deputy Foreign Minister George Papandreou said that Greece would block the EU's eastward expansion (to Poland and the Baltic countries) if Cyprus were not accepted because it is divided. On November 10, 1998, the EU began accession negotiations with Cyprus. On July 10, 1999, Greek Alternate Foreign Minister Yiannos Kranidiotis said that Greece would not object to Turkey's EU membership candidacy if assured that Cyprus's accession would go ahead even without a solution. The EU Helsinki summit's conclusions on December 10, 1999, said, "If no settlement has been achieved by the completion of accession negotiations, the ... decision on accession will be made without the above (i.e., a settlement) being a precondition. In this the Council will take account of all relevant factors." The summit also affirmed Turkey's EU candidacy.

¹⁸ European Union statements, official reports, and news releases may be found at [<http://europa.eu/>].

In December 2002, the EU concluded accession talks with Cyprus. At the same time, the EU and NATO agreed on EU use of NATO assets, stipulating that Cyprus will not take part in EU military operations conducted using NATO assets once it becomes an EU member because it is not a member of NATO nor of NATO's Partnership for Peace. Since Cyprus became an EU member in 2004, however, the EU has said that it could not restrict Cyprus's participation in cooperation with NATO. Turkey has vetoed Cyprus's participation in the EU's strategic discussions with NATO on issues such as terrorism, referencing the 2002 accord, which detrimentally affected efforts to advance EU-NATO cooperation.

Cyprus signed the Treaty of Accession to the EU on April 16, 2003, to become an EU member on May 1, 2004. An attached Protocol suspends the application of the *acquis communautaire* (EU rules and legislation) to those areas "in which the government of the Republic of Cyprus does not exercise effective control." On July 14, 2003, the (Greek) Cypriot parliament ratified the Treaty on behalf of the entire island.

On June 3, the European Commission had proposed measures to bring northern Cyprus closer to the EU, including €12 million (US\$14 million) in aid. It suggested that the Turkish Cypriot Chamber of Commerce certify the movement of goods between Cyprus and the EU (to circumvent a de facto EU embargo on Turkish Cypriot goods that began with a 1994 European Court ruling that certificates of origin and sanitary quality issued by Turkish Cypriot authorities were not valid, requiring Greek Cypriot certificates). The (Greek) Cypriot government authorized the Chamber only to issue certificates of origin, but said that exports required further certification that had to be done at legal (southern) ports to ensure that EU specifications were met. Denktash accepted the aid, but rejected the trade measures.

On November 5, 2003, the Commission's annual report on Turkey's progress toward accession warned that "absence of a settlement on Cyprus could become a serious obstacle to Turkey's EU aspirations," while the December 12 European Council (summit) declaration said that "a settlement would greatly facilitate Turkey's membership aspirations."

The EU regretted the Greek Cypriots' rejection of the Annan Plan and congratulated the Turkish Cypriots for their "yes" vote in the April 24, 2004, referenda. EU foreign ministers said that they were "determined to put an end to the isolation of the Turkish Cypriot community and facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community." They called on the Commission to submit proposals. "Green Line Regulations," adopted on April 29 and effective on August 23, require Greek Cypriot authorities to end restrictions on EU citizens' travel between the two parts of the island and allow Turkish Cypriots to export more products through the south. On May 1, Cyprus officially joined the EU. EU laws and regulations are suspended in the north.

On July 7, 2004, the Commission proposed additional measures to end the Turkish Cypriots' isolation and to help eliminate the economic disparities between the two communities on the island, including €259 million (US\$307 million) in aid for 2004-2006 and preferences to allow direct trade between northern Cyprus and EU countries. Neither step has been implemented. The (Greek) Cypriot government

agrees to the aid but rejects the trade measure as illegally based on an EU provision providing preferential treatment for third parties which, it argues, would allow the TRNC to acquire characteristics of state short of international recognition. The Greek Cypriots also insist that all trade between the north and Europe be conducted via the south. The Turkish Cypriots view the EU aid and trade proposals as indivisible, arguing that aid without trade would not grow their economy and that required use of southern ports would force the north's economy southward and make it smaller over time.

In June 2005, the EU held unsuccessful talks to break the stalemate. The Greek Cypriots proposed that Varosha be returned to them with joint operation of the port at Famagusta and a moratorium on the sale of or construction on Greek Cypriot property in the north. They argued that opening northern ports and airports would lead to the development of separate economies and the permanent division of Cyprus. The Turkish Cypriots offered Varosha in return for open ports and airports in the north. In December, a draft European Commission declaration echoed the Greek Cypriot proposal and was opposed by the Turkish side.

On December 17, 2004, the EU had decided to begin accession talks with Turkey on October 3, 2005, welcoming its "decision to sign the Protocol regarding the adaptation of the Ankara Agreement (customs union), taking into account the accession of ten new Member States" (including Cyprus) "prior to the actual start of accession negotiations." On July 30, 2005, Turkey signed the Protocol but simultaneously issued a unilateral declaration, noting that its signature did not amount to recognition of the Republic of Cyprus or prejudice Turkey's rights and obligations emanating from the treaties of 1960.

On September 21, the EU declared that Turkey's unilateral declaration has no legal effect on its obligations under the Protocol; called for its full, non-discriminatory implementation, and the removal of all obstacles to the free movement of goods (meaning that Turkey must open its ports and airports to Greek Cypriot ships and planes); stated that the EU will evaluate implementation in 2006 and that failure to implement in full will affect progress of Turkey's accession negotiations with the EU; and noted that recognition of all member states is a component of the accession process and underlined the importance of normalization of relations between Turkey and all EU member states. Cypriot President Papadopoulos expressed satisfaction with the EU declaration and with its non-linkage of Turkey's recognition of Cyprus to a solution to the Cyprus problem.

Turkish Cypriot "President" Talat was disappointed that the declaration did not call on the Republic to lift restrictions on the north. The Turkish Foreign Ministry expressed sadness over the one-sidedness of the declaration and reaffirmed that recognition of Cyprus is "out of the question before a comprehensive settlement." Turkish officials insist that their ports and airports will not open to Cyprus before the isolation of northern Cyprus ends. The EU's Negotiating Framework for Turkey's accession requires Turkey to work toward normalizing relations with Cyprus and to align its position within international organizations (such as NATO) toward membership of EU member states (Cyprus) of those organizations with the policies of the EU and its member states. (Cyprus has not applied to join NATO, but Turkey continues to block Cypriot membership in the Organization for Economic

Cooperation and Development (OECD), the Wassenaar Arrangement for Export Controls on Conventional Arms and Dual-Use Goods and Technologies, and other international groups.)

On February 24, 2006, the EU Committee of Permanent Representatives (COREPER) approved a financial aid package for northern Cyprus of €139 million (U.S.\$165 million) for 2006, decoupled from trade measures. (€120 million scheduled for allocation in 2005 is no longer available.) The European Council adopted the regulation on February 27. The (Greek) Cypriot government welcomed it, but the Turkish Cypriot administration reiterated that it will not accept financial aid given under Greek Cypriot supervision. Turkish officials said that the separation of trade and aid is unacceptable. Nonetheless, on June 27, the European Commission decided to open an office in northern Cyprus to administer the aid. In October, the EU approved the transfer of an initial tranche of €38.1 million (U.S.\$47.9 million) to be used for development projects via the aid office in the north.

On June 12, Turkey provisionally completed the first and easiest of 35 negotiating chapters, on Science and Research, in the process of joining the EU. However, the EU conclusions that day referred implicitly to Turkey's refusal to open its ports to (Greek) Cyprus, as required by Turkey's customs union with the EU. The EU asserted that Turkey's failure to "implement its obligations fully will have an impact on the negotiating process" and that, in view of this consideration, "the EU will, if necessary, return to this chapter."¹⁹ (Greek) Cypriot Foreign Minister Lillikas declared in August that his government would block future negotiations between the EU and Turkey on Turkey's accession to the EU if Ankara does not open its ports to (Greek) Cypriot ships as required by the Ankara Protocol of July 2005.²⁰

The Finnish Foreign Minister, for the Finnish EU Presidency, whose ideas were not officially disclosed, reportedly called for Turkey to open one or several ports and an airport to (Greek) Cypriot ships and planes, to allow the deserted resort of Varosha to be placed under U.N. administration for a two-year interim period, the port of Famagusta to be open to trade by both sides under EU administration, and for the (Greek) Cypriots to lift their veto on progress in membership negotiations with Turkey.²¹ Both sides raised objections. The Turkish Cypriots opposed the arrangement for Varosha and the failure to include the opening of their airport at Ercan (Tymbou to Greek Cypriots) to international flights. The Greek Cypriots wanted Varosha returned to its former Greek Cypriot inhabitants expeditiously and would not discuss opening Tymbou because they believe that action would legitimize a separatist Turkish Cypriot state. On November 16, the Finnish Foreign Minister declared that "circumstances" do not permit an agreement during the Finnish Presidency, which ended with 2006.

¹⁹ Jamie Smyth, "Turkey Takes a Further Step to EU Membership," *Irish Times*, June 13, 2006.

²⁰ State PAO, Greek Cypriot Media Reaction Report, September 15, 2006.

²¹ Stavros Liyeros, "Nicosia Delineates 'Red Line,'" *I Kathimerini*, October 15, 2006, Open Source Center Document EUP20061020143003, *Turkish Daily News*, October 16, 2006.

On November 16, the EU Enlargement Commissioner stated that Varosha “is a separate issue from the introduction of direct trade between the Turkish Cypriot community and the rest of the EU.” He explained that trade links with northern Cyprus are a “European question,” while Varosha is a U.N. issue — part of a general solution of the Cyprus question.²² The Greek Cypriots rejected this distinction.

On November 29, the European Commission recommended suspending negotiations on 8 out of 35 chapters (of EU laws and regulations) to be completed before Turkey accedes to the EU. The chapters to be suspended cover policy areas related to Turkey’s restrictions on the free movement of goods vis-a-vis Cyprus. In addition, the Commission recommended that no chapter be provisionally closed until Turkey fully implements its commitments regarding Cyprus. EU Enlargement Commissioner affirmed that accession negotiations would continue, although at a slower pace. The (Greek) Cypriot government was not pleased with the Commission’s recommendation, charging that it did not pressure Turkey to comply with its obligations, and sought to have the EU impose a deadline for compliance. Greek Cypriot officials said that they were not asking for the full interruption of Turkey’s accession but for sanctions to be imposed if Turkey failed to meet its obligations.

On December 7, Turkey offered to open one port and an airport to traffic from Cyprus for a trial period of one year if the EU backed the goal of reaching a comprehensive settlement on Cyprus in 2007 and reduced the isolation of northern Cyprus by opening Ercan Airport to international traffic. The Finnish Prime Minister said that the Turkish offer was “not enough.” On December 11, EU foreign ministers agreed to the Commission’s recommendations, but did not set a deadline for Turkey’s compliance with the Ankara Protocol. On December 15, the European Council (summit of European leaders) endorsed the foreign ministers’ conclusions.

U.N. Peacekeeping Forces

The United Nations has had forces on Cyprus since 1964. As of November 15, 2006, UNFICYP consisted of 853 military personnel and 60 civilian police from 16 countries. It emphasizes liaison, observation, and mediation rather than the interposition of forces. The Secretary General proposed a budget of \$45 million for UNFICYP for the period from July 1, 2006 to June 30, 2007. The government of Cyprus contributes one-third of the cost and the government of Greece contributes \$6.5 million annually. UNFICYP costs not covered by contributions are treated as assessed U.N. expenses. The Bush Administration requested \$4.739 million for UNFICYP for FY2006, and Congress allocated an estimated \$6.57 million. Secretary General Annan appointed Danish diplomat Michael Moller as his Special Representative for Cyprus and Head of UNFICYP beginning in December 2005.

²² “European Commission Cool on Cypriot Demands Over Turkey,” *Agence France-Presse*, November 16, 2006.

U.S. Policy

Settlement

Since 1974, the United States has supported U.N. efforts to achieve a settlement on Cyprus. There were sharp divisions between the Ford and Carter Administrations and Congress over Turkey's role on Cyprus from 1974-1978. A congressionally mandated arms embargo against Turkey was in place until September 1978. In general, Congress favored measures to pressure Turkey to withdraw its troops and encourage concessions by Denktash, while successive administrations argued that pressures were counterproductive and preferred diplomacy. Although Members did not propose an alternative to the U.N. talks, some sought a more active U.S. role. In response, President Reagan created the State Department post of Special Cyprus Coordinator, and President Clinton named a Presidential Envoy for Cyprus. The current Bush Administration did not name a Presidential Envoy and, since June 2004, the Deputy Assistant Secretary of State for European and Eurasian Affairs has been performing the duties of Special Cyprus Coordinator without the title.

On February 14, 2001, Secretary of State Colin Powell affirmed that the Administration "fully supports the ongoing U.N. efforts." The Administration championed the Annan settlement Plan. Special Cyprus Coordinator Thomas Weston openly aided the Turkish Cypriot political opposition before the December 2003 elections to increase the chances of a settlement. At a donors' conference on April 15, 2004, the United States pledged \$400 million over four years if the Annan Plan were approved in the April 24, 2004, referenda. Secretary Powell urged all parties to vote "yes" in the referenda.

After the referenda, the State Department accused Greek Cypriot leaders of manipulating public opinion by restricting news media and taking other steps to ensure a "no" vote.²³ Weston said that the Department would seek ways to end the isolation of northern Cyprus and to improve its economy. He said that if the Turkish Cypriots were able to move toward economic equality with the Greek Cypriots, then some Greek Cypriot concerns about the cost of a settlement might be removed. Officials gestures also were made. For example, Powell referred to Prime Minister Talat by his title when they met in New York on May 4, 2004, and U.S. Ambassador to Cyprus Michael Klosson visited Talat in the Prime Minister's Office on May 21. The State Department considers Talat "leader of the Turkish Cypriot community." On May 28, the U.S. Embassy on Cyprus said that a TRNC passport holder seeking to travel to the United States would be eligible for a visa for up to two years.

In June, the Administration authorized U.S. government and military personnel to travel directly to northern Cyprus, and Weston visited the TRNC's representatives in New York and Washington. In October, U.S. Transport Security Service agents examined Ercan Airport in northern Cyprus. On February 17, 2005, representatives from 12 U.S. companies and the commercial attache from the U.S. Embassy in Ankara landed at Ercan. The Republic of Cyprus has not designated ports or airports

²³ "U.S. Accuses Greek Cypriot Leaders of Derailing Unification Vote," *New York Times*, April 27, 2004.

in the north as legal ports of entry and charged that the delegation's, especially the U.S. diplomat's, use of the airport was illegal. On May 31, three members of the U.S. House of Representatives Turkish Study Group landed at Ercan. A State Department spokesman said that the congressional trip did not violate international or U.S. law which the Department maintains applies to U.S. carriers not citizens. There have been no reports of U.S. carriers applying to fly to northern Cyprus.

On October 28, Secretary of State Condoleezza Rice met Talat in Washington as part of U.S. efforts to find a solution to the Cyprus issue and to ease the isolation of the Turkish Cypriots in a way that supports reunification. The State Department maintained that there was no change in U.S. policy of non-recognition of the Turkish-Cypriot state and that the United States still wants both parties to re-engage with Secretary General Annan to find a solution. Talat said that he had asked Rice to continue steps to end the isolation of northern Cyprus, with direct flights to Ercan Airport, and to encourage international organizations to do the same. Cypriot President Papadopoulos charged that the meeting promotes "secessionist tensions." On February 15, 2006, U.S. Deputy Assistant Secretary of State for European Affairs Matthew Bryza told a Greek newspaper that President "Papadopoulos must, clearly, finally and in writing, say what changes he wants in the Annan Plan" and that "the ball" is in the President's court.²⁴

In a subsequent interview on April 2, Bryza said, "we must respect the democratic and clear decision of the Greek Cypriots not to approve the Annan Plan" and voiced support for the agenda for technical talks agreed to by Annan and Papadopoulos on February 28. He added that Turkey must honor its commitment to implement the protocol for the expansion of its customs union with the EU.²⁵

In June, Assistant Secretary of State for European and Eurasian Affairs Daniel Fried said, "Turkey should open its ports to Cypriot ships and airplanes and fulfill its responsibility for expanding the Customs Union agreement (with the European Union) in a way to include the Republic of Cyprus."²⁶

On July 18-19, Deputy Assistant Secretary Bryza visited Cyprus. Because of his plan to meet Talat in his official office, he did not meet either Papadopoulos or Foreign Minister Lillikas. Instead, he met Cypriot Speaker Christofias and Foreign Ministry officials, Permanent Secretary Sotos Zackheos and Head of the Cyprus Question Division Erato Marcoullis. In the north, he met Talat, "Prime Minister" Soyer, and "Foreign Minister" Denktash.

²⁴ Interview conducted by Dhimitris Apokis on February 15, 2006, "The Whole Bush Administration Likes Dora," *O Kosmos tou Ependhiti*, February 25, 2006, Open Source Center Document, EUP20060227141001.

²⁵ Interview conducted by Anni Podhimata, *To Vima tis Kiriakis*, April 2, 2006, Open Source Center Document, EUP20060403431002.

²⁶ Speech to the 17th annual Cyprus Conference of the International Coordinating Committee - Justice for Cyprus (PSEKA) and the World Council of Hellenes (SAE),

On December 25, U.S. Ambassador to Greece Charles Ries stated that direct flights to northern Cyprus were not sustainable commercially and faced “legal obstacles.”

Aid

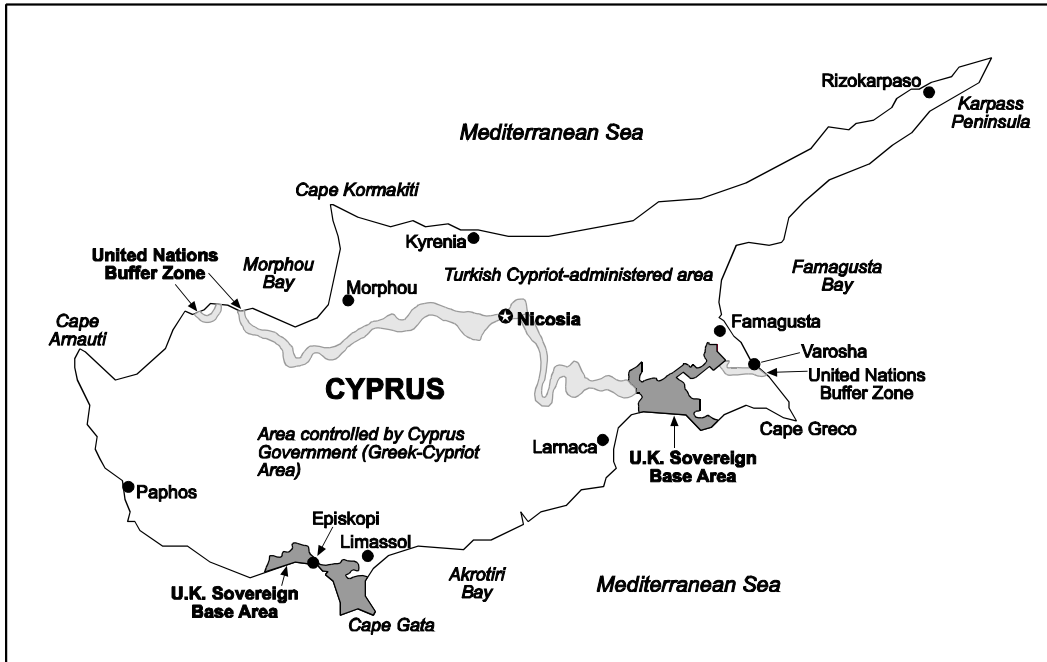
On July 9, 2004, the State Department announced that \$30.5 million (in reprogrammed funds) would be provided for economic development of northern Cyprus to lessen the cost of reunification. The Administration requested \$20 million for FY2006. P.L. 109-102, November 14, 2005, appropriated the funds, saying they should be made available only for scholarships and their administration, bicomunal projects, and measures aimed at reunification and designed to reduce tensions. The Administration requested \$15 million in Economic Support Funds (ESF) for FY2007. H.R. 5522, the Foreign Operations Appropriations bill, passed on June 9, 2006, provided the \$15 million. The Senate did not pass a bill for FY2007. Foreign Operations programs for FY2007 are operating under the terms of a continuing appropriations resolution (H.R. 5631/P.L. 109-289, as amended) which provides funding at the FY2006 level or the House-passed FY2007 level, whichever is less. The Administration has requested \$11 million in ESF for Cyprus FY2008.

110th Congress Legislation

S. 695, the American-Owned Property in Occupied Cyprus Claims Act. To amend the International Claims Settlement Act of 1949 to allow for claims against Turkey by U.S. nationals excluded from property they own in Turkish-occupied Cyprus. Introduced and referred to the Committee on Foreign Relations, February 27, 2007.

H.R. 1456, introduced and referred to the House Committees on Foreign Affairs and on the Judiciary on March 9, 2007, is the same as S. 695 above.

Figure 1. Map of Cyprus



Source: Map Resources. Adapted by CRS. (M.Chin 02/03)

