Reflections on post-referendum Cyprus

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On 24 April 2004, for the first time in their troubled history, Greek and Turkish Cypriots were allowed to vote on the future status of their island. The results pointed to an overwhelming Turkish Cypriots acceptance (65%) and Greek Cypriot rejection (76%) of the UN ‘Annan Plan’. In turn, the divided island joined the EU on 1 May. The results generated widespread disappointment by many Greek and Turkish Cypriots alike, while being met with a sigh of relief by those who either overtly or otherwise had rejected the Plan. Many outsiders, and EU leaders in particular, expressed all their surprise and dismay at the results. Yet with the benefit of hindsight, the results appear far from unpredictable. Indeed EU decisions and actions over the course of the last decade played no small part in contributing to them. However the following paragraphs will not attempt to explain how and why the Union found itself swallowing a divided Cyprus. This article will rather attempt to examine the main factors underlying the results in order to map out the possible options ahead.

Reading into the referendum results: the relative risk aversion of embracing a solution

Beginning with the Turkish Cypriots, what explains their overwhelming ‘yes’, in clear contrast to the forceful rejection of their Plan by their leader and President Rauf Denktaş? Since 2002, the Turkish Cypriot leader and in particular his policies towards the conflict had come under increasing pressure from the public. This pressure took the form of mass demonstrations in 2002-3 and materialised into a political and policy change at and after the December 2003 parliamentary elections. The elections led to an unprecedented rise of the former opposition forces, and in particular of the Republican Turkish Party (CTP) led by Mehmet Ali Talat.

Three main factors explain these fundamental political changes. First, was the deteriorating economic situation in north Cyprus since the late 1990s and hence, the rising appeal of EU-generated prosperity. However, what lay at the heart of the public’s concern was not only the fear of poverty. It was rather the fear that economic ills and isolation would result in their disappearance as a self-governing community in the north, i.e., that the Turkish Cypriots would disappear through emigration. Given that EU accession required a solution, the Turkish Cypriots felt increasingly inclined to accept the risks of reunification and move towards a better future. Another consequence of isolation was the increasing dependence on Turkey, which led to a growing sense among the Turkish Cypriots that they were not democratically governing themselves but were being controlled by Ankara. Increasingly, self-determination was being viewed as depending on a solution and EU membership.

Finally, the public’s support for reunification was linked to the publication of the Annan Plan. The Plan showed in detail how a solution and EU membership could satisfy basic Turkish Cypriot needs, thus laying to rest many of their fears.

However, most actors recognise that the extent of Turkish Cypriot support for the Plan was only possible because of the policy shift in Turkey. Again, this was linked to three factors, both domestic and EU-related. First and foremost was the foreign policy shift under the AKP government in Turkey. Since its rise to power in November 2002, the Turkish government, diverging from its predecessors, openly stated that the continued partition of the island was not a permanent solution. However, this new rhetoric did not immediately materialise in a substantive policy shift. Indeed, it was only in February 2004 that the Turkish government proposed a tight-three stage peace plan culminating in a double referendum, and accepted the final version of the Annan Plan in April. This policy shift was also due to the changing balance of forces within other Turkish institutions, and not least the Turkish Armed Forces.

However, equally important were two external factors, linked to EU-Turkey relations. On the one hand, EU actors were expressing increasingly vocally the view that the persisting conflict represented a ‘serious obstacle’ to Turkey’s accession process. In the run-up to the December 2004 European Council decision on whether and when to open accession negotiations with Turkey, the Turkish establishment felt under increasing pressure to unblock the Cyprus impasse. However, pressure alone was insufficient to generate a substantive policy change. Without the more credible EU commitment to Turkey since the 1999 Helsinki European Council followed by the December 2002 Copenhagen Council decision, the stick of the linkage (between a settlement and Turkey’s accession process) probably would have had limited effect. In other words, without the carrot of a credible accession process for Turkey, the stick of Cyprus’ imminent membership was more likely to consolidate partition than to catalyse a settlement on the island. As the carrot became more credible (and thus more valuable), the Turkish position shifted in 2003-4.

Turning to Greece, the first evident observation is the support of the former PASOK government for the UN Plan. This was linked to the policy of Greek-Turkish rapprochement initiated by former Foreign Minister George Papandreou. Given the government’s commitment to rapprochement with Turkey and closer EU-Turkey relations, it genuinely pushed for an early settlement in 2002-3. A settlement would have eliminated all chances of a serious rift in EU-Turkey relations, and would have consolidated the rapprochement. In 2004, current opposition leader Papandreou openly backed the ‘yes’ campaign in the referendum. The incoming New Democracy government, in power since March 2004, also supported the Plan. However, this support was far less vocal and overt. Besides the fact that the new government had been in power for just over one month, its more detached position was also due to the more hands-off approach of ND towards Cyprus. With the Greek Cypriot Republic at the doorsteps of full membership, the Greek government felt that Greece had delivered on Cyprus, and that the Greek Cypriots were now full masters of their own future.

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Perhaps the most intriguing question is to discern why the Greek Cypriots overwhelmingly rejected the Plan. Supporters of the Plan point to the feeling of insecurity prevalent amongst the Greek Cypriot public. Indeed, a recent poll amongst the ‘no’ voters revealed that 80% of them rejected the Plan out of fear that Turkey would not deliver on its commitments. In a conflict context, a feeling of insecurity is entirely unsurprising. Yet the fear of taking a step into the unknown was probably equally high on both sides of the green line. Turkish Cypriots fear the renewed domination of Greek Cypriots probably as much as Greek Cypriots fear Turkey’s persistent grip on the island. Hence, while insecurity explains Greek Cypriot reluctance to embrace a settlement, alone it cannot explain the referendum results.

The accompanying explanation of the degree of Greek Cypriot risk aversion is what in negotiation theory has been defined as the ‘best alternative to a negotiated settlement’ (BATNA). Economic decline, rising dependence on Turkey and ensuing emigration reduced the Turkish Cypriot BATNA and thus increased incentives to move towards EU accession through reunification. Yet the Greek Cypriots already enjoyed high living standards. Furthermore, their political and economic status was expected to improve further through unconditional EU accession (only one week after the referendum). This argument was made explicit by the UN Secretary General when arguing that by rejecting the Plan, the Greek Cypriot public rejected a solution itself. The rising living standards in the south since the 1970s played no small role in affecting the results. In other words, the high Greek Cypriot BATNA was the necessary corollary explanation of the high risk aversion of the community.

But this is not to say that the Greek Cypriot majority opposed reunification. A third critical explanation that complements the preceding two is the Greek Cypriot expectation that a better deal (in their view) was possible. This widespread belief has a short and a long-term explanation. The short-term explanation is attributed to the arguments put forward by the exponents of the ‘no’ campaign and by the current Greek Cypriot President Tassos Papadopulous in particular. The rejectionists benefited from one and a half years of implicit and then explicit campaigning, i.e., since the first publication of the Plan in November 2002. The ‘yes’ campaign instead only credibly made its case after the publication of the final version of the Plan on 30 March 2004 (i.e., less than one month before the referendum). The community indeed largely felt that it did not receive adequate information explaining and presenting the substance of the complex Plan. Moreover, the rejectionists argued that what they considered to be the shortcomings of the Plan could be rectified in negotiations post-accession. Cyprus’ membership and Turkey’s aspirations to join the Union meant that Greek Cypriot bargaining strength would rise. So, as put by Papdopoulous himself why should the Greek Cypriots ‘do(ing) away with our internationally recognised state exactly at the very moment it strengthens its political weight, with its accession

4 In this respect it is also important to note that the relative support (in the case of the Turkish Cypriots) and opposition (in the case of the Greek Cypriots) to the Plan was above average amongst the young. Young Turkish Cypriots, keen to secure a better future, were more inclined to support the Annan Plan. Young Greek Cypriots, with no memories of coexistence and already enjoying high living standards, instead were more inclined to prefer the status quo.
to the EU?’. In other words, why agree to a settlement that inevitably entailed risk and compromise, when the community could afford to wait and secure a better deal in future?

The long-term explanation is perhaps less immediately relevant but far more profound. Since 1974, the Greek Cypriot public has been persuaded by its governments, civil society and media elites, of the moral and legal superiority of the Greek Cypriot cause. The political class never invested in arguing to the public the need, let alone the desirability, of a true compromise power-sharing solution. Less still did it specify what a realistic bi-zonal and bi-communal federation (that most political actors paid lip-service to) entailed. When the Greek Cypriots were presented for the first time with the detailed substance of a compromise federal agreement in November 2002, they were disappointed to see that this did not correspond to their expectations, or rather the expectations that they had been induced to have by virtually all their political leaders since 1974.

**Quo vadis Cyprus? Policy options in the period ahead**

The Annan Plan was certainly not a perfect Plan. However, it is the only credible (and certainly the only comprehensive and detailed) formula for the reunification of the island, and thus also the full incorporation of north Cyprus into the EU. Assuming that this remains the objective, the first question to ask is how to keep the Plan alive so as to secure a second and positive referendum on the Greek Cypriot side. Beginning with the first explanation of the Greek Cypriot ‘no’, one answer would be to attempt to ease Greek Cypriot security concerns.

There appear to be three components necessary to achieve this. The first would be to assure stronger UN Security Council guarantees to ensue the implementation of the Plan by the principal parties. These guarantees were being discussed in the Security Council a few days before the referendum, but the draft resolution was vetoed by Russia (that in turn responded to the preferences of the Greek Cypriot leadership). The second necessary component appears to be Turkey’s progression along the EU accession path. Similarly to Greece, Greek Cypriots increasingly appreciate that their best guarantee against Turkish aggression, is the progressive transformation of Turkey itself, supported if not triggered by its EU accession course. The third and final component would be the demonstration by Turkey of its commitment to the Plan. This could take place with the partial implementation by Turkey and the Turkish Cypriot government of some elements of the Plan, that may be implemented unilaterally.

A partial unilateral implementation of the Plan could have five dimensions to it. First, the Turkish side could withdraw some military forces from north Cyprus. The contingent in the north ranges between 35,000 and 40,000 troops. The Plan provides for the retention of 6,000 troops until 2011 (to be scaled down thereafter). In the absence of an agreement, the Turkish side could scale down its presence by 10,000 troops. This would both move towards the implementation of the Plan and it would signal Turkey’s goodwill and commitment to it. Furthermore, it would not represent a security cost to the Turkish Cypriots, given that relative to the size and strength of the

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Greek Cypriot National Guard, the presence of 25,000 rather than 35,000 troops would make no difference at all.

Second, the Turkish Cypriot side could relocate north some of the Turkish Cypriots that would be displaced by territorial readjustments (as provided for by the map presented in the Annan Plan). This is an idea that has been advanced already by the Turkish Cypriot Prime Minister Talat. All Turkish and Turkish Cypriot actors both accept that territorial readjustments are necessary and are sensitive to the ensuing problems caused to the affected persons. While the status question remains blocked due to the Greek Cypriot stance, the Turkish Cypriot authorities could make the most of the stagnant situation to begin this difficult process of relocation. In order to do so, the necessary international assistance, that had been set aside under a reunification scenario, would have to be delivered to the authorities.

Third, the Turkish Cypriot government could agree to return some of the territories to Greek Cypriot rule. Here the most obvious option would be Varosha, the now uninhabited and formerly developed tourist resort area bordering the town of Famagusta. Since the 1979 High Level agreement the parties have in principle accepted the resettlement of Varosha by Greek Cypriot displaced persons.

Fourth and again as a partial and unilateral move towards the implementation of the Plan, the Turkish Cypriot government could open more border crossings. They could also allow the restoration of and initiation of normal services in several Orthodox Churches in the north and work towards the de-mining of the green line. These steps would also act as unilateral confidence building measures in the spirit of April 2003 border opening.

Finally, Turkey must extend its customs union with the EU to the Greek Cypriot south. The extension of the customs union is a legal necessity due to the Republic of Cyprus’ EU accession. The Turkish side is wary that such a move would entail a recognition of the Republic as the government of the entire island. However, it could extend the customs union agreement, while specifying that it considers the Republic to be exclusively the government of the Greek Cypriots in the south. The referendum results further contribute to the logic of this position.

These suggestions may appear paradoxical at first sight. Why should Turkey and the Turkish Cypriots demonstrate their commitment to a solution, when they already did so through their support for the Annan Plan? Shouldn’t it be the Greek Cypriots that extend their reach to their compatriots, attempting to persuade them that they truly are committed to a federal settlement? Indeed, this is so. Moreover, it remains doubtful that these unilateral measures would lead to a second positive referendum in the south. Even if reassuring the Greek Cypriots could contribute a shift in public opinion by 26%+ of the electorate, it seems highly doubtful that the leadership would agree to hold a second referendum on the same Plan. The President would probably reject the Plan if it was only bolstered by international guarantees of implementation. The changes Tassos Papadopolous seeks appear to be much more far-reaching. Hence, why would Papadopolous accept to hold a second referendum (that may be approved) if he does not wish to see the current Plan being implemented? There also appears to be little scope (and will) for the leftist AKEL (the largest political party in a coalition
government with Papadopolous’ centre-right DIKO) to pressure the President to accept a second vote.

But the paragraphs that follow delve into the reasons why nonetheless these unilateral moves are in the interests of Turks and Turkish Cypriots (of all political persuasions). Irrespective of whether Turks and Turkish Cypriots ultimately seek a federal or a two-state solution, all wish to see the normalisation of the economic situation in the north in the short and medium run. To those who are committed to the Annan Plan, normalisation is viewed as a prerequisite to keep the Turkish Cypriots on the island rather than to see a continuation of Turkish Cypriot emigration that would only be counterbalanced by the immigration of mainland Turks. To the minority that wishes to see a two-state solution in Cyprus, normalisation is viewed as a first step towards the eventual recognition of the unrecognised Turkish Republic of Northern Cyprus.

The UNSG is his latest report also stated that the continued isolation of the north had lost its rationale, given the Turkish Cypriot majority’s commitment to the Annan Plan. The Secretary General called the international community to eliminate the restrictions and barriers on the north. It also stated that these moves would be consistent with UNSC Resolutions 541 (1983) and 550 (1984) that called states not to assist the attempted secession of north Cyprus. Immediately after the referendum, the European Commission and the member states also stated their commitment to end the economic and political isolation of the north. So far this has meant that the Commission has agreed to deliver the €259m to the Turkish Cypriots set aside under a reunification scenario. Given the size of the monies, the Commission has planned to deal directly with Turkish Cypriot authorities in the administration of the funds. On the eve of accession, the Council’s ‘green line regulation’ agreed to accept Turkish Cypriot products (wholly produced in the north), certified by the Turkish Cypriot Chamber of Commerce. The goods would cross the green line and be exported to the rest of the EU under Greek Cypriot and Commission supervision.7

However, in practice the situation to date remains far from satisfactory. Economic normalisation has two fundamental elements to it. Neither has been delivered yet. First, is the question of the direct exports of Turkish Cypriot products through airports and ports in the north. While the Council approved of Chamber of Commerce certificates of origin, it has not approved yet of exports from the Turkish Cypriot port of Famagusta. This would require adequate supervision of the port in turn managed by Turkish Cypriot officials. In principle, supervision could be carried out by Commission officials who in any event would need to deepen their contacts with Turkish Cypriot authorities for the disbursement of aid. The second and most pivotal question is the use of Turkish Cypriot airports. Like the south, the economic development of the north hinges of tourism (as well as trade). This necessitates the possibility of direct air links for all flights (and not only for Charter flights) to the north.

It thus appears that despite the initial shock and disappointment with the referendum results and the ensuing promises to the Turkish Cypriots, the Commission and the member states have been reluctant to deliver. Delivering on their promises would require a concerted effort to find ways around the legal obstacles that the Union itself

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7 The Council stated that it would also establish procedures for the export of goods partly produced in the north (and partly produced in Turkey) over the course of the next two months (i.e., by July 2004).
has erected in the past (e.g., the 1994 European Court of Justice ruling banning exports from the north). And yet again, Cyprus appears to be plagued by a decades-old problem; beyond the rhetoric, EU actors simply do no pay sufficient attention to the question, that in turn favours a persistence of the status quo. The unilateral Turkish and Turkish Cypriot goodwill measures proposed above do not guarantee that EU actors would summon the necessary political will to alter this situation. However, they could contribute towards a greater capitalisation of the Turkish Cypriot gains post-referendum by raising the pressure within EU institutions to deliver.

In the long-term, unilateral Turkish and Turkish Cypriot goodwill gestures could have two sets of effects. The precise outcomes will depend not least on the political trends on the other side of the green line. For those who don’t want to see the future implementation of the Annan Plan, these steps could raise the credibility of and support for an independent Turkish Cypriot state. Even the most hardline factions in north Cyprus and Turkey accept that a permanent solution would entail the return of territories and the scaling down of the Turkish military presence. Furthermore, facilitated access to the north would not be contrary to a two-state objective but could be conducive to it. Hence, such unilateral moves (like the decision to allow border crossings in 2003), while entailing no costs, could contribute towards reducing international scepticism against secession. Whether secession would then materialise would naturally depend critically upon the future political trends in the south. Under a continued rule by Tassos Papdopolous, whose positions and preferences seem unlikely to radically change, secession is perhaps not an entirely far-fetched outcome.

For those who do want to see the Annan Plan being implemented, these unilateral measures would contribute towards keeping the Plan alive for three principal reasons. First, as mentioned above, they would raise the likelihood of international (and EU) political will to normalise the economic situation in the north. In a situation in which the status question could remain unsolved in the medium run, normalisation is key to induce young generations of Turkish Cypriots to remain in Cyprus (rather than use their Republic of Cyprus passports to settle elsewhere in the EU). Second, these measures would represent a gradual implementation of the Plan itself, by definition entailing its lengthened lease of life. Finally, they could raise Greek Cypriot acceptance of the Plan, which could in time lead to a positive second referendum in the south, provided political dynamics change there.

In conclusion, unilateral Turkish and Turkish Cypriot goodwill measures may appear counterintuitive at first sight. In fact they would seem mistaken to those who approach the conflict as one to be won through the upsetting of power balances, where bargaining strength rises through the use of threats and unilateral costs imposed on the other. Yet many in Cyprus, Turkey and Greece have already transformed their conceptions and perceptions. Indeed Turkey and the Turkish Cypriots now appreciate how their objectives have been better served through moderation and commitment to a compromise solution, rather than through the threats and brinkmanship of the past. In other words, what could appear as concessions are in fact alternative and more effective means to pursue national interests. The trend in this new and constructive direction has already begun. These moves would only consolidate the change.