



Cyprus – Looking to a Future Beyond the Past

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1. Introduction

Just over a year ago, on 24 April 2004, in a referendum, 76% of Greek Cypriots rejected the United Nations Peace Plan, more commonly known as the “Annan Plan” to reunify Cyprus after more than 30 years of division. Their Turkish Cypriot compatriots, on the other hand, embraced the plan and overwhelmingly voted (65%) for reunification.

The international community, which unanimously endorsed the Annan Plan, condemned the Greek Cypriot administration, even going as far as to say that Greek Cypriot President, Tassos Papadopoulos, had deceived the entire international community into believing that he supported the plan only to cast it aside at the last moment. Doubtful voices began to emerge questioning whether the Greek Cypriots were truly dedicated to achieving a solution.

At the same time the European Union, United States and others made issued strong political statements and promised the Turkish Cypriots that they would not be forgotten; that everything possible would be done to ease their economic isolation. In particular the Conclusions of the General Affairs Council of 26 April 2004 stated *“that the Council is determined to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community. The Council invites the Commission to bring forward comprehensive proposals to this end, with particular emphasis on the economic integration of the island and on improving contacts between the two communities and with the EU.”* This led to two draft regulations on financial aid and trade, which were put forward by the Commission shortly afterwards.

Both communities ended up feeling bitter and resentful: the Turkish Cypriots towards the Greek Cypriots and the Greek Cypriots towards Turkey and the international community which they believed was guilty of attempting to impose an inadequate deal.

One year on, the situation on the island has hardly changed. Turkish Cypriots are disillusioned, as promises made by the European Commission have been blocked in Council. The Greek Cypriots continue to defend their referendum decision. Cyprus continues to be plagued by “the blame game” and “the zero-sum game.”¹ This a very depressing situation for countries that have so much in common and so much to gain from normalising relations.

¹ David Hannay, “Cyprus – The Search for a Solution,” p. 229.

With the accession of Cyprus to the European Union on 1 May 2004, the EU is finding itself under increasing pressure to play a more active role but seems at a loss as to what it can realistically do.

However, with the decision of the European Council in December 2005 to open accession talks with Turkey on 3 October 2005, it would seem that a new window of opportunity might be opening. Nevertheless, as UN Secretary General, Kofi Annan has made clear, no new round of talks will be launched until he is convinced that there is a clear political will from all parties concerned, to find a permanent and sustainable solution. A second Greek “no” vote in a referendum would be disastrous.

This Issue Paper sets out to examine the following: Why did the UN fail in 2004? What changes need to be introduced in order to obtain a positive result in a new round of negotiations? What are the key issues that need to be addressed? What is the time scale? What, in the interim period, should be done to improve the economic situation of the Turkish Cypriots and to build confidence between the two communities, and what sort of role can the EU and the rest of the international community most usefully play?

2. History of the Annan Plan

Since 1974 there have been numerous attempts to reach a settlement. Many good opportunities have been lost due to lack of political will and stubbornness. The issue has become an industry in Cyprus and dominates political life in both communities.

The Annan Plan is a complex and lengthy document. Much of its substance is not new, as it was in part based on a 1992 ‘Set of Ideas,’ developed by Mr. Annan’s predecessor, Boutros Boutros-Ghali. First produced in 2002, the plan has had five versions over the years. These evolved out of intensive consultations over a long period of time with all parties concerned. None of these versions of the Plan were fully satisfactory to both sides. It was always going to be a question of give and take.

The Plan envisaged the reunification of the island along the lines of a federal state. The United Cyprus Republic was to be composed of two equal constituent states, each exercising extensive self-government. Other components of the plan provide for the transfer of territory currently under Turkish Cypriot administration to the Greek Cypriot constituent state, reinstatement of property lost as result of the conflict after 1963 (and/or financial compensation), return of displaced persons (subjected to restrictions), demobilization of local armed forces and the setting-up of a Reconciliation Commission. Moreover, the Plan also allowed for a

considerable reduction of military presence on the island over a period of 19 years with the aim of an eventual, almost complete demilitarization (leaving only 650 Turkish and 950 Greek troops). Finally, the Plan foresaw the transfer of parts of the island's territory currently under British sovereignty (two military bases) to the Cypriots.

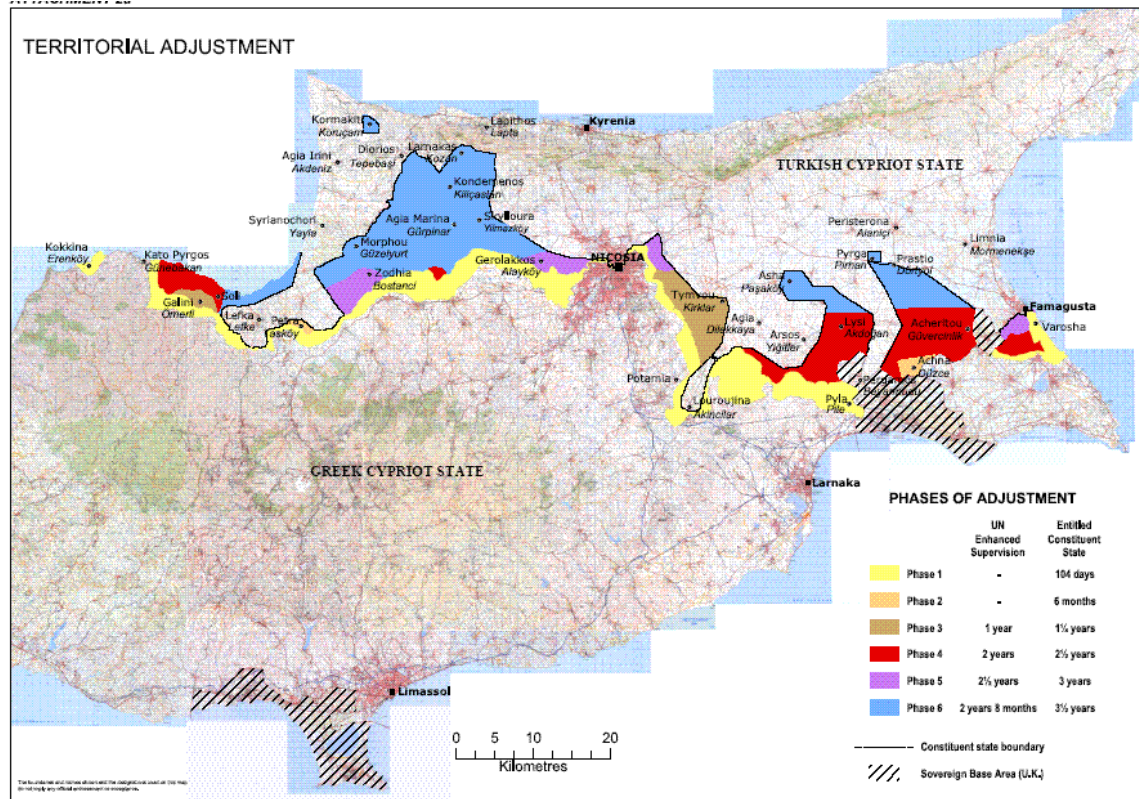
Proximity talks were held from December 1999 to November 2000 and direct talks from January 2002 to February 2003. During this time the international efforts to bring the conflict to an end were stepped up both in scale and intensity, involving representatives from the United States, the UK, the EU and the active participation of UN Secretary General Kofi Annan himself. Presidential elections in the Republic of Cyprus in February 2003 replaced Glafkos Clerides with Tassos Papadopoulos. In March 2003, Kofi Annan proposed that the Plan be submitted directly to referendum although it had not proven possible to secure the approval of the respective leaders. The proposal was, however, rejected by the Turkish Cypriot chief negotiator at that time, Rauf Denктаş. Supported by his government and by Ankara, Mr. Denктаş consequently declared the Annan Plan "dead and buried."

In spite of this, the Turkish Cypriot parliamentary vote held in December 2003 resulted in the election of a pro-settlement coalition, which led to the resurrection of the Annan Plan early in 2004. With the new government in Ankara at last ready to take a number of serious steps on Cyprus, agreement to resume negotiations was secured in New York on 13 February 2004. The parties (including Greece and Turkey) then convinced the Secretary General that they possessed the necessary political will to reach an agreement on the basis of the Annan Plan before the crucial date of Cyprus' EU accession (1 of May 2004) – a precondition for UN re-engagement.

The New York agreement made Kofi Annan himself the final arbiter, with a mandate to use his discretion to fill in remaining blanks in the event of the parties themselves failing to complete the draft proposal. This was almost certainly a key error that led to the final outcome. Annan also secured the parties' commitment to submit the proposal to popular referenda. After inter-communal talks in Nicosia and four party deliberations at Bürgenstock, Switzerland, both ending inconclusively, Kofi Annan presented the fifth revised version of the plan on 31 March 2004. Both sides agreed to put the plan to simultaneous referenda, which would take place on 24 April.

In the meantime, intensive work in several technical committees, including substantial input from international experts, had produced a detailed proposal of 9000 pages. For the first time in the long history of Cyprus peace negotiations, the formula for a settlement along the principles of a

bi-zonal, bi-communal federation, already agreed by the parties in 1977, had been translated into a detailed blueprint: from the constitution and federal laws for the United Cyprus Republic, to the constitutions for the two constituent states, down to the new flag (horizontal blue, yellow, and red fields separated by thin white lines) and a national anthem. It failed.



Source: The Annan Plan, April 23 2004

3. Why did the Annan Plan Fail?

Although the international community sold the Annan Plan as a “good deal” and both Greece and Turkey supported it, the two communities viewed the plan very differently. Overall the Turkish Cypriots saw the plan as a way out of economic isolation and into the EU even though it meant giving up land, including the possible return of some mainland Turks to Turkey, returning property, etc. With a change of government in Ankara and the election of Turkish Cypriot pro-solution politician Mehmet Ali Talat, the political climate in Northern Cyprus began to change. Mr. Talat and other pro-solution politicians campaigned dynamically to sell the Plan. For the first time people began to turn their backs on long time leader, Rauf Denktaş, concluding that he could no longer be trusted. Business, NGOs, and academia were all united in the “yes” campaign working together to get the affirmative result.

The situation in the South could not have been more different. For 30 years Greek Cypriots had been waiting for the “dream deal” settlement promised to them by almost all previous presidents. Politicians had misinformed people for decades about what type of settlement they could deliver, creating false expectations by setting unattainable targets. The Annan Plan, therefore, came as something of a shock. Moreover, the fact that Cyprus would become a member of the EU, no matter what the outcome of the referendum, meant that opponents to the Annan Plan were able to use the perspective of EU membership as their strongest argument in favour of rejection, stressing that Cyprus would be in a stronger position to get a better deal once it was inside the EU. As President Tassos Papadopoulos reportedly said in response to claims that this deal was the last chance for a solution: “*from my experience, such proposals or plans do not disappear, they are revived and reproduced; was it ever possible to accept any solution?*”²

A combination of long-standing distrust of Turkey, pressure from the Greek Orthodox Church in Cyprus, a media dominated by anti-solution propaganda, and the last minute rejection of the Plan by the island’s largest political party, AKEL (Communist), added to the uncertainty and fear. There was virtually no “yes” campaign and many people felt that foreigners were once again deciding their future. As a result, people felt they were being cheated by the international community, particularly the UN, the US and the British, rather than blaming their own politicians – the majority of whom, along with Papadopoulos, criticized the plan and those that did not dare to speak out. The political will for a settlement was non-existent.

There is also a second scenario. Many people believed, and still do, that the Greek Cypriots simply did not want a settlement; that they had no desire to share power with the Turkish Cypriots and were therefore happy to continue with the *status quo*.

4. Turkish Cypriots one year on

Although bitter disappointment followed the referendum, over the last year Turkish Cypriots have tried to keep the international community focused on their plight. In the aftermath of the referendum the European Commission continued stress its commitment to easing the economic isolation and proposed measures to this end.³

² *Cyprus Mail*, 24 April 2004.

³ EU delegation to Cyprus.

- *A regulation establishing financial support for the economic development of the Turkish Cypriot community and for improving contacts between the two communities, amounting to €259 million for the period 2004-2006.* Particular emphasis, this regulation specified, was to be put on alignment with EU legislation and policies, reconciliation and confidence building measures, social and economic development, development of infrastructure and people to people contacts. This regulation has to be adopted by unanimity by the Council after consultation of the European Parliament.
- *A regulation to facilitate direct trade from the northern part of Cyprus.* The proposal offers a preferential regime for products originating in the North, entering the Customs Territory of the EU. It sets rules on the documents certifying the origin of goods, to be issued by the Turkish Cypriot Chamber of Commerce or another duly authorised body; phytosanitary inspections; food and product safety; taxation; communication obligations and outlines safeguard measures in the event of ineffective cooperation, irregularities or fraud. The preferential regime should essentially act as a tariff quota system, which would be established to encourage economic development, while avoiding the creation of artificial trade patterns or facilitating fraud. This regulation has to be adopted by the Council by qualified majority.
- *A regulation defining special rules with regards to the intra-island trade more commonly known as the Green Line Regulation.* Under this regulation, which has already been adopted, Turkish Cypriots have been able to export selected goods through the port of Larnaca in the South, and to trade directly with the Greek Cypriots. The Regulation had to take account of the particularity of the situation and the political sensitivities that exist on the island. It had to cover, *inter alia*, issues like prevention of illegal immigration, customs, food safety, taxation, and travel facilities. Generally speaking, it was important to find a balance between the need to establish a clear legal framework and the need to avoid the deepening of the divide.

However, once it became apparent that it was going to be a difficult and lengthy process for these commitments to bear fruit a sense frustration and disappointment set in. The \$30.5 million dollars pledged by the US Congress have also been held up with technical difficulties. As a result, Turkish Cypriots' discomfort as linked to the uncertainty over their future, is increasing.

The collapse of the governing coalition⁴ in October 2004 meant that there could be no opportunity for new talks until after fresh elections. At parliamentary elections in February 2005 the Republican Party, led by Mehmet Ali Talat, won 44% of the vote, against 32% for his main rival, Dervis Eroğlu's National Unity Party. This increase in support confirmed a Turkish Cypriot backing for a settlement. However, with insufficient seats to form a government independently, Mr. Talat was forced to form a coalition government with the Democratic Party of Serdar Denktaş. In the April and took over as leader of the Turkish Cypriot Community from veteran leader Rauf Denktaş who, at the age of 81, decided not to run for re-election. He has promised to remain active on the political scene, nevertheless. A new era is beginning in Turkish Cypriot politics.

Mehmet Ali Talat has signaled his readiness to reopen talks. He is in a frustrating position because until the Greek Cypriots decide that they are ready to re-engage, Mr. Talat and the Turkish Cypriot community can only wait. Following his election he sent this message to the Greek Cypriots "*I once again wish to extend the hand of reconciliation and I will keep it extended until it is grasped (...) We are absolutely certain that this hand will be taken and that peace will return to Cyprus. We believe firmly in that.*"⁵

Nevertheless, in this interim period it could be useful for the Turkish Cypriots to:

- Start adopting the *acquis communautaire* in anticipation of a settlement. This would ensure a minimisation of potential shocks in the aftermath of reunification.
- Adopt the Turkish Cypriot State of a United Cyprus that was foreseen in the Annan Plan. Although this would not change much for the Turkish Cypriots it would send a clear message to the Greek Cypriots of their dedication to a settlement. This step has also been recommended by the Turkish Cypriot Chamber of Commerce.⁶

The fall-out from the Greek Cypriot "no" vote did, however, in some regards have a positive effect on Northern Cyprus and Turkish Cypriots have used it to their advantage. For the first time, the North appeared on TV travel shows and the tourism industry experienced a mini-boom. Although there are still no direct flights to the North, the number of tourists that visited Northern Cyprus in 2004 has increased and numbers for 2005 are expected to increase still further.

⁴ The Turkish Cypriot Government "TRNC" is only recognised by Turkey.

⁵ "Fresh Hope for Cyprus Reunification," Deutsche Welle World, 18 April 2005.

⁶ "Road Map for Turkish Cypriots of their way to a Solution," Turkey Chamber of Commerce, 15.2.05.

Table 1 – Number of Arrivals
Source Turkish Cypriot Authorities

	2003	2004
EU-25 (Excluding Republic of Cyprus)	110 942	140 895
Non-EU	15 954	23 527
Total	126 896	164 422

Compared to the figures for the South (2.4m), these numbers may seem low, but they do demonstrate the potential market power that could be generated if holidays to the North were made more available and if direct flights were launched. Currently travellers either have to go via Istanbul or one of the ports of entry in the South. These figures could also be boosted if the Greek Cypriots were more willing to cooperate in this sector. Greek Cypriots fear that the lower costs in the North could affect their own market. Nonetheless, the Turkish Cypriot authorities are confident that in 2005 they will be able to attract around 500.000 tourists from the South.

The results of increased tourism and construction in the North have boosted the economy, with its GDP increasing by 31% in 2004 to \$7350 per head. Although no match for the Greek Cypriot's \$21,000 it represents a very sizeable jump. However, financial assistance from Turkey remains the mainstay of the Turkish Cypriot economy with Ankara providing around \$300 million a year directly into the "TRNC" budget and regularly providing additional financing for large infrastructure projects. Fluctuation in the Turkish lira continues to exert downward pressure on the Turkish Cypriot standard of living.

As the sector grows, so does the need to build hotels, villas, and other tourism-related constructions to accommodate and service them. Much of this development continues to be carried out on land, which formerly belonged to Greek Cypriots. There are now thousands of homes owned by foreigners, a large number of which have been built on land that was Greek Cypriot-owned before 1974. The Turkish Cypriot authorities continue to justify this process by citing its crucial importance to the Turkish Cypriot economy. They say that the only way to bring an end to this is with a settlement.

All of those purchasing properties risk exposing themselves to legal action by Greek Cypriots who may be the rightful owners of those properties.

⁷ In 1983, Northern Cyprus declared itself the 'Turkish Republic of Northern Cyprus' (TRNC). TRNC is recognised only by Turkey.

The property issue goes to the heart of the Cyprus problem. It is one of the most delicate and difficult issues. Recent court cases seem to have begun to deter buyers, with 20 court summons having already been served to EU nationals by Greek Cypriot owners. The Turkish Cypriot authorities have warned the United Nations they would arrest anyone trying to serve a summons on the spot.

The Turkish Cypriot leadership should take measures to gain greater control over the sales of property/land to foreigners, introducing measures to warn prospective purchasers of the risks while keeping a tight control over estate agents which seem to be mushrooming all over the North.

5. Greek Cypriots one year on

The international community has heavily criticized President Papadopoulos over the last 12 months. He stands firm, recently stating, “*our answer was right and so was our decision.*” However, much of the president’s criticism concerning the Plan partially resulted from his own lack of engagement in the talks, rather than the result of the UN and others favouring the Turks and Turkish accession to the EU (an argument he frequently cites). An air of uncertainty still hangs over Nicosia as to what the Greek Cypriot’s next move should be.

The Cypriot government is not in a hurry to return to the negotiating table, although it is coming under increasing pressure to do so. President Papadopoulos maintains that he is ready to have fresh talks based on the Annan Plan but there must be a stronger role for the EU this time around and that the eventual settlement must be compatible with the *acquis communautaire*. He has also attached the following conditions:

- No pre-submitted list of changes to the Annan Plan by the Greek Cypriots - as has been requested by the Secretary General.
- No deadline or tight timetable for the talks.
- No “filling in the blanks” or the Secretary General acting as “arbiter” as Kofi Annan was asked to do last time.

Rather than submitting a list of specific changes to the Annan Plan, President Papadopoulos could present a document to the Secretary General outlining what would be required for a solution to be acceptable to the Greek Cypriot community without specifically mentioning “changes.” It is therefore likely that exploratory talks on resuming full reunification talks could start shortly.

President Papadopoulos has also received invitations from Mehmet Ali Talat for face-to-face meetings to discuss areas where the two

communities could collaborate. To date, Mr. Papadopoulos has declined these invitations, saying that any meeting between the two of them should be under the auspices of the UN. However, it is hoped that now that Talat has become leader of the Turkish Cypriot Community, Mr. Papadopoulos may become more flexible on this.

The parties that support the Papadopoulos government (his own DIKO party plus AKEL and EDEK) continue to back his approach and it is unlikely that there will be any material change.

The communist AKEL party is led by Demetris Christofias and is historically the most influential political party. AKEL therefore has a key role to play in what happens next. In the 2003 presidential elections AKEL won 34.71% of the vote, slightly more than the main opposition party DISY which won 34%. The presidents' own DIKO party only managed 14.84% and EDEK 6.51%.

Traditionally AKEL has been pro-settlement and was believed to be supportive of the Annan Plan until the last moments, when it asked for the referendum to be postponed. Divisions within AKEL, on the one hand and the Russian veto on the UN Security Council Resolution endorsing the Plan, on the other hand are the most likely reasons for the change in AKEL's strategy. The Secretary-General's report (document S/2004/302), requested the Security Council to endorse the basic agreement creating a United Republic of Cyprus, along with a ban against arms sales to the country and the approval of the mandate for a new United Nations operation there. The Council was asked to endorse the Foundation Agreement "to reassure the two sides that the Council is cognizant of their key concerns and endorses the means by which they are addressed in the agreement."⁸ Many people believe that if AKEL had requested its supporters to vote for the Annan Plan the result would have been different.

AKEL still claims to support a solution based on the Annan Plan and has recently begun a new dialogue with the Republican Turkish Party, but divisions still remain among party members. Mr. Christofias has travelled to the North to meet with Mr. Talat and more recently, a seminar was held in Nicosia at which AKEL spokesman, Andros Kyprianou spoke. Mr. Kyprianou stressed the need for more bilateral talks between the two sides.⁹ For the time being it would seem that AKEL is not actively pursuing a quick return to the negotiating table, but rather focusing on building up relations between the two communities.

⁸ Security Council fails to adopt text on Cyprus – UN Press Release SC/8066, 21 April 2004.

⁹ Bridging the Divide – Cyprus Mail, 30 March 2005.

The second largest party DISY also supports a settlement and would like to see Papadopoulos take a lead in launching new talks although DISY is also opposed to fixing time limits and allowing the UN to act as arbiter. Greek Cypriots would almost certainly want to see any new deal having the seal of approval from their own government

Although the current situation is frustrating it could be counter-productive to force the Greek Cypriots back to the table before they are ready. It is positive that DISY and AKEL are formulating positions regarding specific changes to the UN blueprint and could have good results. A broad acceptance by the main parties on the terms of any new plan would facilitate the settlement process significantly and would help overcome the vocal opposition.

All Greek Cypriot political parties remain opposed to the EU's plans to permit direct trade with the North or the opening of direct flights. Firstly because they believe this would be tantamount to recognition of the "TRNC" and secondly because they believe that once Turkish Cypriots have the economic benefits of direct trade and travel to the rest of Europe, they will cease to have any incentive to support a settlement – something the Turkish Cypriots deny. However, if trade were resumed with the North this could help reunite the island by reducing the gap in the economic prosperity between the South and the North – an issue that has worried many Greek Cypriots.

A direct trading relationship between the EU and the North should lead to increased opportunities for economic cooperation and business ventures between the two communities. It would improve the climate for foreign direct investment in the North, and would provide the incentive to adopt the *acquis* in key areas.

The Cypriot government has proposed a number of confidence-building measures in the commercial and military fields:¹⁰

- Opening a further eight crossing points on the Green Line. There are currently only four of these, which is insufficient and results in delays, particularly during holiday periods.
- De-mining
- Withdrawal of military forces from sensitive areas.
- Proposals to facilitate intra-island trade through the Green Line Regulation (see chapter on the role of the EU). These proposals were aimed at simplifying VAT procedures, widening the range of goods (including the main Turkish Cypriot export item of citrus fruit)

¹⁰ Confidence-Building Measures Announced by the Government of the Republic of Cyprus in the Commercial and Military Fields, Ministry of Foreign Affairs.

allowed to cross the line, duty and tax free and increasing the number of crossing points. It also proposed that a special hub in Larnaca port be opened exclusively for Turkish Cypriots. A number of these suggestions were included in the amended version of the Green Line Regulation.

President Papadopoulos also suggested a Famagusta Port/Varosha trade off. Varosha is a suburb of Famagusta and once a holiday destination with golden beaches, modern hotels and a population of some 40 000. Varosha is now a ghost town – an awful reminder of the past where derelict houses and hotels cover a four-kilometer seafront. Its only visitors these days are the Turkish troops who guard the area. Mr. Papadopoulos has suggested that Turkish and Greek Cypriots jointly manage Famagusta Port under the auspices of the EU, thereby allowing Turkish Cypriots to have direct trade access - as long as the Turkish Cypriots agreed to return Varosha to the Greek Cypriots. Under the Annan Plan, Varosha was due to be returned to the Greek Cypriots and thus represents a considerable bargaining chip. The Turkish Cypriots have so far not been interested in this proposal citing that it is unreasonable to seek territorial adjustments outside a comprehensive settlement. It may be worth reconsidering such an offer if the request to return Varosha was removed particularly if the Direct Trade Regulation should remain forever blocked.

As Cyprus heads towards new Presidential elections in 2007, the political climate should also change. It is generally believed that Mr. Papadopoulos would like a second term but representatives of AKEL and DISY may also have their eye on the job.

6. What do the Greek Cypriots want?

Greek Cypriots were polled during the last 12 months to ascertain what changes they would like to see made to the Annan Plan.¹¹

Over 70% of Greek Cypriots would like to see a new round of negotiations lead to a final settlement. Although many Greek Cypriots still yearn for a “unitary state”¹² as the ideal solution, it would seem that they have accepted that this is not possible and therefore, for the most part, support a bicomunal, bizonal federal settlement.

¹¹ “Can the Cyprus Problem be Solved?,” Alexandros Lordos & Cymar Market Research, October 2004.

¹² “Are the Greek Cypriots willing to accept a federal solution?” Alexandros Lordos & Cymar Market Research, October 2004.

The following are some of the issues of greatest concern to Greek Cypriots and therefore the areas on which they would like to see changes in the Annan Plan made:

- The withdrawal of Turkish troops should take place much sooner than currently provided for in the Annan Plan.
- There should be international guarantees that the solution will be implemented.
- Guarantor powers should not have the right of unilateral intervention.
- More settlers should leave the island than currently provided for in the Plan.
- The absolute limits to the influx of Turkish citizens in Cyprus must be defined in such a way as to secure the long-term demographic balance of the island.
- A greater proportion of refugee property that lies in the areas belonging to the other constituent state should be returned to its original owners than currently provided for by the Annan Plan.
- The cost of operating the federal state should be divided more equitably, so that the Greek Cypriots do not have to shoulder 90% of its cost.

Renegotiating the plan will remain a give-and-take process and this Issue Paper does not set out to analyse each of these concerns in depth. The concerns over security, settlers and property are relevant to both communities and will almost certainly be the key to an eventual settlement.

The most important issue is security. Here the concerns of the Greek Cypriots are not unreasonable. Turkey continues to be a problem, which should not be underestimated. The level of distrust that exists towards Turkey is significant. This suspicion has been passed down from one generation to another with many of the younger generation believing that Turks – and in particular Turkish politicians – always have an ulterior motive and cannot be trusted. The same is true of Turkish feelings towards Greek Cypriots. The teaching of Cypriot history in schools has compounded these sentiments.

For this reason, the security aspects of any solution are crucial. In the Annan Plan the demilitarisation of the island was a lengthy process and linked to Turkey's accession to the EU - something that cannot be guaranteed. This would have meant waiting until 2019 for the Turkish troops to be reduced to 650.¹³ There is no reason why an amended version

¹³ Annan Plan, Article 8.

of the Annan Plan should not allow for a much more rapid demilitarization of the island, as was suggested in an earlier version.

At the same time, the presence of Turkish troops has always given Turkish Cypriots a sense of security and protection. It is clear that some forces would need to remain on the island for a limited time. After a settlement, all soldiers except small contingents from Turkey and Greece should immediately leave the island. If necessary these contingents could be supplemented by troops from other EU states. The goal should be demilitarization within the shortest time-frame possible.

With the whole of Cyprus integrated into the EU it would seem bizarre that guarantor powers (Britain, Greece and Turkey) should continue to retain the right of unilateral intervention. The Annan Plan linked this issue to Turkish accession to the EU. There would seem to be no reason why this 'right of intervention' should not cease immediately following a settlement. Furthermore at some point in the future – perhaps at the accession of Turkey to the EU - the Treaty of Guarantee could be abandoned altogether.

However, a number of possible weak spots in the Plan remain concerning the protection of the island. These need to be addressed with some urgency. Since 1 May 2004, Cyprus has become the eastern outpost of the EU, only a few hundred kilometres away from the Middle East. Therefore, Cyprus will need to have some security, especially in terms of air defences. Further thought should be given to how Cyprus could receive the protection it needs.

The question of settlers is an extremely difficult and sensitive issue. Greek Cypriots have a tendency only to recognize people who are direct descendents of a Republic of Cyprus Turkish Cypriot as a Turkish Cypriot: everybody else is referred to as a 'settler.' However it would be unreasonable to expect all these people to return to Turkey – as has been suggested - particularly those who have been living on the island for decades.

The biggest problem is the lack of information on the subject. There is some ambiguity about how many mainland Turks live in Northern Cyprus: no precise figures exist. The sections in the Annan Plan on this issue are confusing but it would seem that the Plan provides for: a list of 45000 persons; the spouses of Cypriots (18000 plus); and, furthermore, an additional 20000 Turks as permanent residents, who would be entitled in to United Cyprus Republic citizenship four years, thus allowing for some 83000 Turks to remain. In addition, 18000 Turkish University staff and students would remain as residents, while, under the Turkish immigration quota, another 10000 Turks could settle (de facto remain in Cyprus).

Therefore it was envisaged that in the Plan that 111000 Turkish settlers were either entitled to UCR citizenship or to residence. The Plan also provided for curbs on immigration from Turkey and Greece for a period of approximately 19 years.

A new census should be carried out as soon as possible, with international observers, to ascertain exactly how many mainland Turks there are in Northern Cyprus. (The last independent census was carried out in 2003 by the European Parliament and concluded that there was 87000 mainland Turks in the North) The results of this census should serve as a basis for new discussions. A clear distinction should be made between those who are there for “work” and those who have settled permanently and have been given TRNC nationality. A quota system could also be put in place for workers. For those people who already have TRNC ‘nationality’ or who have been living on the island for many years there is no easy answer, not least, for humanitarian reasons. Under the Annan Plan no mainland Turks in this category were to be sent back to Turkey. The plan outlined a resettlement package of \$10 000, for those who would choose to return. A potential increase to this package could also be reflected upon.

There is no easy answer to the questions raised with regard to property and territory. Property is a sensitive issue for many Cypriots. The Annan Plan offered only a highly complex solution to this question, which was beyond the comprehension of most voters. It proposes a compensatory scheme to resolve the issue but also outlines various other avenues – such as exchanges, leasing and relocation – to give current occupants and former owners a range of options. The Plan thereby aimed to keep the number of people who would have to vacate their village or town to a minimum. However, many of the conditions laid down were very arduous and complex. Property linked to settlers and territory should be returned or compensated for and more financial support made available.

Turkish Cypriots should not fear mass returns of Greek Cypriots to the North. Apart from areas in which whole villages are to be returned, the younger generation of Greek Cypriots might not harbour the same strong attachment to property as the older generation does and may be more interested in either receiving compensation or using the property as a summer house rather than relocating permanently. Therefore greater flexibility as regards the timetable for refugee returns might be possible, allowing many Greek Cypriots to return to their homes much earlier than foreseen in the Annan Plan.

Regarding the costs of the settlement, the international community should offer guarantees to Greek Cypriots to prevent these from shouldering this large financial burden. Before any new referendum a comprehensive

document should be made available to all Cypriots outlining the estimated costs of a settlement and how they are to be covered.

There should also be firm guarantees put in place to ensure that implementation is carried out. This is something that the UN and the EU could do together.

7. Role of Turkey

The opening of accession negotiations with Turkey will mark a new chapter in the history of Cyprus. Renewed efforts to find a solution will be essential as, without a resolution to the Cyprus problem, there can be no Turkish accession.

Prime Minister Recep Tayyip Erdoğan revolutionized Turkish policy on Cyprus. In its 2002 Regular Report, the European Commission asked Turkey to do all it could to bring about a solution before May 2004 in order to advance its own EU membership aspirations.¹⁴ Turkey gave its full backing to the Annan Plan.

Ankara will extend its Customs Union Agreement with the EU to the ten new Member States – including the Republic of Cyprus, before accession talks begin in October. Turkey has confirmed that it will sign the protocol before 3 October 2005 and is currently waiting for the EU to finalise the legislation. Thereafter it will go to the Turkish Parliament to be ratified and should then be implemented. It is likely that the EU will put further pressure on Turkey to implement this sooner rather than later. Ankara continues to refuse to allow Cypriot ships to dock at its ports or use its airports: Turkey banned Cypriot ships from its ports in 1987 and maintains that it may do so as the Ankara Agreement applies to goods not services. However, Turkey's obligation stems from the Customs Union, a previous Association Council and a decision by the Court of Justice. The Court's ruling stipulates that the transport of goods within the EU should be carried out in the most cost effective way and that there should be no barriers to trade. Clearly, the Greek Cypriots would like to see changes implemented as soon as possible.

It is unlikely that Turkey will make any further concessions towards Cyprus until after a new round of talks gets underway or until the

¹⁴ The EU repeatedly emphasized the need for Turkey to encourage the Turkish Cypriot leadership to work towards reaching a settlement on the Cyprus issue before the end of accession negotiations. *European Commission Regular Report on Turkey*, 9 October 2002.

European Union fulfils the commitments it has made toward the Turkish Cypriots.

Ankara must overcome much domestic resistance to its Cypriot Policy. The opposition CHP party has already condemned the government and several of Prime Minister Erdoğan's own deputies have resigned this year, citing the government policy on Cyprus as one of the reasons. Many Turks believe that the EU is attempting to provoke Turkish disintegration. The recent rise in nationalism and the reduction in support for membership can partly be attributed to this. The Turkish military has thus far supported the government's policy on Cyprus although there are still many 'hawks' that deplore these recent changes.

Ankara has already expressed its readiness to engage in a new round of talks. Recently Turkish Foreign Minister, Abdullah Gül stated, "*Turkey will continue to act in consistency with its positive position and push for a peaceful settlement of the Cyprus problem.*"¹⁵ Until there is a settlement Turkey will be subject to the veto of the Republic of Cyprus on opening and closing the chapters of the *acquis*. President Papadopoulos has described his country's veto as "*a weapon we have in our hands*"¹⁶ and has also claimed that Cyprus will have 64 opportunities to block Turkey's accession: one at the beginning and one at the end, and two for each of the 31 technical chapters,¹⁷ although it is unlikely that Cyprus would exercise such a threat without very good reason and with the support of other Member States.

Turkey's relationship with the Greek Cypriots remains strained although a recent meeting between Prime Minister Erdoğan, President Papadopoulos and Kofi Annan on the fringes of the Second World War commemorations in Moscow was seen as a positive development. Nevertheless, nobody is expecting there to be a radical improvement in the near future. However, with Ankara and Nicosia now involved in the "European project," with a rapprochement having taken place between Turkey and Greece, and with the EU urging Ankara to normalize relations as much as possible with Nicosia, it would seem timely for both countries to try and improve the atmosphere between them.

A good starting point would be to intensify the dialogue between Ankara and Greek Cypriot political parties. Earlier this year DISY leader Nicos Anastasiades visited Ankara at the invitation of Prime Minister Erdoğan. To openly discuss their problems and get to know each other is a far more

¹⁵ Abdullah Gül (Turkish Foreign Minister), The London School of Economics, 14 March 2005.

¹⁶ "Cyprus refuses to rule out Turkey EU membership veto," Financial Times, 12 October 2004.

¹⁷ Comment by Quentin Peel, Financial Times, 23 December 2004.

fruitful and constructive approach than what has been the case hitherto. These types of encounters should be encouraged.

Turkey has already made a substantial effort toward finding a settlement and Ankara should continue in this vein. Member States should also make clear that they do not want the Republic of Cyprus to jeopardize the negotiations with Turkey.

8. Role of Greece

Greece's role in the region has changed in recent years. In principle, this is due to the improvement in Turkish-Greek relations. Greece has transformed its foreign and security policies towards Turkey. Bilateral relations, generally strained given the countries' histories, are undergoing a phase of rapprochement, enhancing the prospects for security in the eastern Mediterranean and the surrounding region.

Greece is now one of the key advocates of Turkish EU membership and Prime Ministers Erdoğan and Karamanlis have become close friends. This is a far cry from the situation in 1996 when the two neighbours, and NATO allies, almost went to war over Imia, an uninhabited islet in the Aegean Sea. From Greece's perspective, a European Turkey means a stable and closely cooperative neighbour, within a shared community of values, with open borders and the resolution of historic problems in the Aegean. As Greek Foreign Minister Petros Molyviatis said during a recent meeting with Turkish Foreign Minister Abdullah Gül, "*the Greek vision is to turn our neighbourhood into a region such as the rest of Europe (...) a region of peace, democracy, prosperity and stability with absolute respect for human rights, religious freedom and the protection of minorities.*"¹⁸

This change in relations has put the Greek government in the difficult position of having to formulate its policies on Cyprus to please both the Greek Cypriot President and the Turkish Prime Minister, while still fulfilling its EU membership obligations – leaving only narrow room to manoeuvre. Consequently, Greece's input into the UN initiative has been somewhat tame particular after the change in government. The former government led by Prime Minister Papandreou's PASOK party was ready to take a more active role in the pursuit of a comprehensive settlement than the current government under Prime Minister Karamanlis.

Although Greece backed the Annan Plan, Athens also made it clear that the decision whether or not to accept the plan was that of the Greek Cypriots alone and Greece played no role in influencing their vote.

¹⁸ "Greece, Turkey announce new confidence building measures," SE Times, 13 April.

The Greek Government should reflect on this policy and encourage President Papadopoulos to assume a more productive approach towards new talks. It should also urge the European Union to ensure Cyprus remains a priority on its agenda.

9. Re-Launching Talks – When?

All parties agree that Annan Plan should form the basis of any new talks. The plan will almost certainly be amended in favour of the Greek Cypriot community. The key to a successful deal will be a compromise between objections of the Greek Cypriots without reducing attractiveness of the Plan for Turkish Cypriots. Thus, any revision of the Plan must be tackled with open-mindedness, flexibility and long-term vision

It is unlikely that any new talks will begin soon. The UN will need to be convinced that both sides are seriously committed to making progress. This is not the case at present. Given the recent elections in the North, a series of visits and talks between the two communities on the one side and the UN, the EU and other international partners on the other is more probable. These exchanges could serve to ascertain the level of political willingness to reach an agreement. This could take several months.

The UN and the EU must re-emphasize that the solution of the Cyprus problem is a political not a legal matter and that the only way forward is through the creation of a bizonal and bicomunal Federation. Any peace settlement can only be a lasting and a viable one, if the political equality of the two communities is respected – even though this will, in the short to medium term at least – make Cyprus an anomaly within the EU as regards conformity to the *acquis communautaire*.

It will be vital for Greek and Turkish Cypriots to revisit what political equality really means. Many people believed that the Annan Plan would create a country with an undemocratic constitution that allowed the smaller Turkish Cypriot community (18%) to block decisions on almost every issue, making it potentially unworkable. Nobody wants to end up in a gridlock. During this interim period a “committee of wise men” comprising Greek and Turkish Cypriots as well as international experts could be created to come up with alternatives to the current arrangement which would allow more flexibility but at the same time deliver the equal treatment Turkish Cypriots are entitled to.

To be a success, any new Plan must generate from within Cypriot society. But while a solution cannot be imposed, steps must be taken to encourage the Greek and Turkish sides.

Although new talks should not be rushed into, the time element is nevertheless important. If the current “waiting game” continues, in the hope that the Turkish accession process will heighten conditionality towards a possible settlement, there is a risk more Turkish Cypriots will leave the island and more Turkish mainland settlers could arrive, at the very least. Additionally, more Greek Cypriot land will be built on. Greek Cypriots must be careful not base their calculations on the belief that Turkish-EU accession is a certainty. Presently Ankara supports full EU membership but strong waves of Euroscepticism and nationalism are sweeping many parts of Turkey. If these sentiments are heightened a future government might decide that Turkey’s relations with the EU should be based on a “special relationship” rather than on full membership. This would seem much more in line with the skeptical attitude taken by a number of EU countries and national parties, vis-à-vis Turkish accession. France and Austria have both announced that they would hold referenda on Turkish EU accession. If Turkey does not join the EU, however, the chance of a settlement may be lost forever.

10. European Union

The decision of the 1999 Helsinki European Council to open accession talks with the Republic of Cyprus with full knowledge of the Turkish objections to a solution. Many commentators now view this decision as a mistake. The EU was convinced that the Greek Cypriots would support the efforts of UN Secretary General Kofi Annan.

The EU acted quickly and devised the Financial Aid and Direct Trade Regulations in addition to the Green Line Regulation, which was already on the table. The European Commission has also recently appointed a Special Advisor to Cyprus – Jaako Blomberg - who will be attached to Enlargement Commissioner Olli Rehn, which may signify that the EU is planning a larger role for itself. Olli Rehn recently made his first visit to the island and Blomberg is planning a visit to the island in the near future. However, it still remains unclear what that his role is going to be. This needs urgent clarification.

With accession to the EU in May 2004, the Republic of Cyprus became a voting member of the European Council, which has affected the “good-will” measures of the EU.

Financial Aid

The 259 million Euro aid remains blocked because:

- There are divisions within the Member States as to whether the Financial Aid Regulation should continue to be linked to the Regulation for Direct Trade or not. The Greek Cypriots and the Greeks want financial aid to be decoupled, or threaten not to support it. The British, continue to pursue the original aim of passing the two regulations as a package.
- There is a problem over the method of distribution of the funds. It was envisaged that the European Agency for Reconstruction (EAR), currently responsible for management of EU assistance in the Balkans and based in Thessaloniki, would be responsible for the dispersion of funds. However, it still remains unclear whether the EAR will have its remit renewed and extended to allow it to distribute the aid.
- The Greek Cypriots still insist that they should be responsible for the distribution of funds whether or not the EBR remit is renewed and extended.
- Mehmet Ali Talat continues to insist that the financial aid remains a package with the Direct Trade as he believes that if the Financial Aid was to be distributed without the Direct Trade that the Commission would lose interest in the Direct Trade initiative.

There have been no developments on financial aid since the end of 2004. The Luxembourg Presidency has not viewed Cyprus as a priority and has failed to make any progress to date. Time to benefit from the Regulation is, however, running out as the proposed Regulation expires in 2006. Some in the EU hope that now that Mr. Talat is “President” he might decide to become more flexible (now that he is no longer in “election campaign mode”) in his approach and agree to de-couple financial aid from direct trade as long as the Commission assures the Turkish Cypriots that it is still engaged in the Direct Trade issue.

Direct Trade Regulation

Brussels is determined to honour its pledge to end the economic isolation of Northern Cyprus and Greek Cypriots are determined block direct trade. Once again there have been no further developments since the end of last year. The European Commission planned to use Article 133 of the EC Treaty to authorize trade with the North as the legal base which provides for trade with a third country. Although Cyprus is a member of the EU, the

North is not part of the European Community Customs' territory and EU legislation is not implemented there. Therefore, that territory, although not formally a third country—it is a sort of *sui generis* situation—has to be considered a third country. Other examples are Ceuta and Melilla, enclaves in Morocco. However, the Republic of Cyprus sought the Council's Legal Service to look into the legitimacy of this situation and they unanimously ruled that Article 133 could not be used in this case but rather it should be based on Protocol 10 of the Accession Treaty.

In the light of this it is possible that the European Commission will attempt to alter the legal base of the Regulation in order to put forward a compromise proposal, which could broadly embrace the joint management of power-sharing of Famagusta Port under EU auspices. Whether this type of compromise would be agreeable to either the Turkish Cypriots or the Greek Cypriots still remains to be seen.

From the EU perspective, Cyprus might figure more prominently on the political agenda when the UK takes over the Presidency of the European Council in July.

Green Line Regulation

On 29 April 2004 the Council approved a Regulation, which established rules for the crossing of goods and services across the Green Line (Council Regulation 866/2004).

The volume of trade across the Green Line remains low. Between August 2004 and December 2004 the total amount was barely 475000 Euro. The Regulation was amended on 26 February 2005. However, problems remain including:

- Very limited business contacts.
- Limited movement of commercial vehicles. The Greek Cypriot authorities do not allow of trucks, tourist buses or taxis with Turkish Cypriot driving license to cross over to the South, which creates problems. Rather they are obliged to either re-sit their driving test in order to obtain a Republic of Cyprus driving license (or they need to obtain a Greek lorry/coach including the drivers). To date approximately 70 Turkish Cypriots have re-sat their driving test in the South.
- No provision for services
- No room for flexibility (for example, fish cannot be exported).

Furthermore, those that have made it across the Green Line complain about the unnecessary hold-ups and controls, which result in produce

spoiling, thus making it unfit for sale or export. The Turkish Cypriots therefore continue to call for direct trade.

The European Commission should work to have the Green Line further enhanced and the continuing problems resolved. An EU “monitoring team” on the ground in Cyprus would be able carry out a full control of the situation, which should be a priority.

Table 3 – Value of Green Line Exports

Source: Turkish Cypriot Authorities

Products Exported include fruit and vegetables, aluminum, PVC doors and windows, lead, baskets, textiles, metal, steel, toilet paper, paper towels marble, agricultural machinery, plastic products, drinking water, napkins, detergent, soap and fireplaces

Date	Value
23-31 August 2004	2 252 00 CYP
01-31 October 2004	43 658 72 CYP
01-31 December 2004	109 625, 03 CYP
01-31 January 2005	46 208 54 CYP
01-28 February 2005	97 611 97 CYP

Turkish Cypriots maintain a reciprocal arrangement for trade from the South to the North. Whatever the Greek Cypriots allow is matched by the North. Intra-island trade, which should be a key to economic development, is totally under-utilised. This approach is not conducive to building trust between the two communities. The goal should be to have total free trade on the island.

11. Inter-community cooperation

Since the opening of the Green Line in April 2003 everyday contact between the two communities has increased considerably. Not only because it has allowed Turkish and Greek Cypriots to travel freely all over the island and has permitted the younger generations to have contact but also because it allowed Turkish Cypriots to seek better paid employment in the South. Many Turkish Cypriots have also taken Republic of Cyprus Passports and ID cards, which has allowed them to travel more freely.

Table 4 – Numbers Crossing the Green Line

Source: Turkish Cypriot Authorities

Months in 2004	Green Line Crossings (Greek & Turkish Cypriots & Foreigners)
January	480000
February	560000
March	584000
April	549000
May	577000
June	596000
July	654000
August	676000
September	641000
October	641000
November	560000
December	625000

Table 5 – Numbers of Turkish Cypriots who have Acquired Republic of Cyprus papers, employment, social security

Source: Government of the Republic of Cyprus

Turkish Cypriot Citizens who have acquired Republic of Cyprus Identity Cards	57 309
Turkish Cypriot Citizens who have acquired Republic of Cyprus Passports	32 185
Number of Turkish Cypriots who are registered with the Department of Social Security as Active Contributors and are employed in the areas under the control of the government	2 659

<p>Number of Turkish Cypriots employed on a full-time basis in the same areas who are not yet registered with the Social Insurance Services.</p>	<p>± 5 000</p> <p>Since April 2003, the take home pay of all Turkish Cypriot workers has amounted to 185m Euro</p>
<p>Number of Turkish Cypriots who have received free medical care in hospitals and medical centers in the Republic of Cyprus.</p>	<p>24 420</p>
<p>During the period 2003/2004, the payments (which have never been interrupted) of Social Insurance pensions to Turkish Cypriots living in the North.</p>	<p>32.3m Euro</p>

However, since the opening of the Green Line, there has been a reduction in the number of formal bi-communal activities that have taken place and this issue needs to be addressed.

The opening of the Green Line has also allowed for regular meetings between the various political parties on the island. Such meetings are very important as they play an important role in strengthening the efforts to improve the dialogue between the Greek and Turkish Cypriot political parties.

There are many areas where future inter-island cooperation could be useful.

- **Police cooperation:** Cooperation between the police services on both sides is non-existent. This has resulted in serious problems when incidents have occurred – most recently cases of murder -which have involved both communities and where the exchange of evidence and other documentation could have proved vital. In some cases, it has resulted in the accused being let off or being barred from fair trial.
- **Crossing Points:** The number of crossing points still remains insufficient and only one crossing point is open for cars. Two new

crossing points are to be opened. One at Astromeritis-Zodhia and one at Ledra Street which is very symbolic, with Turkish soldiers standing immediately behind the wall on the other side. Creating the needed infrastructure for new crossing points is slow and needs to be stepped up with greater urgency. For example, at Zodhia there are three minefields that must be cleared.

- Greek Cypriots remain unhappy about the issuing of a stamped paper, which they refer to as a “visa” each time they cross the Green Line. Turkish Cypriots complain that the Greek Cypriots input their ID details into a computer. Progress could be made on this point by simply agreeing on a procedure to show ID cards at every crossing.
- The clearing of minefields needs to be stepped up. Both the European Union (2.5m euro) and the UN have earmarked funds for this. The Greek Cypriots have already made progress in clearing the mines from the nine National Guard areas in the buffer zone. Both communities should be encouraged to carry out this de-mining process as rapidly as possible with the help of the international community. Turkey, which still maintains around twenty-seven minefields in the buffer zone, is also cooperating with the EU on their removal.
- Contact between civil society organisations should be encouraged. Currently it is virtually non-existent, as for the most part Greek Cypriot NGOs do not recognise their counter-parts in the North. The European Union could create a special Forum to bring together civil society organisations.
- The use of a common currency should be also encouraged.
- The public opinion polling process must be continued.

12. ‘Cypriotism’ and its Role in a Solution

The notion of ‘Cypriotism’ is relevant in the Cyprus issue. The feasibility and viability of a solution will depend to a certain extent on how the two sides view each other. While political decision-making is reserved for the select few, it is at the individual level that any solution will be played out on a day-to-day basis. The individual and his perceptions are of the essence with regard to the feasibility of a political settlement.

‘Cypriotism’ can be seen as an identity that does not cancel out the national identity of either community but rather brings the two together by focusing on characteristics common to both communities. Therefore it should draw on common heritage and history.

For Cypriots under the age of 30 the concept of ‘Cypriotness’ is not very developed. In an ideal solution, the two communities would feel secure in embracing a Cypriot identity as well as retaining their national identity.

For a solution to be successful the peoples of Cyprus must get to know one another again. This is particularly poignant for the younger generation who, up until the opening of the Green Line in 2003, had had no contact at all.

13. Confidence-building measures

The key to successful confidence-building measures is that they must be unilateral, non-negotiable measures that emanate from one side.

Examples so far include:

- After a gap of five years, the Republic of Cyprus provided land passage to Turkish Cypriots for an annual visit to Kokkina.
- In August 2004, Turkish Cypriot authorities allowed the opening of a secondary school in a Greek Cypriot enclave and the resumption of religious services in the St. Mamas church at Morphou, both for the first time since 1974.

Recently a football match was held between Turkish and Greek Cypriots. This was the first match in thirty years. Sporting activities are a good way to rebuild relations between the communities – particularly among the younger generation. These types of activities should be encouraged. Turkish Cypriots should be allowed to compete in international sporting competitions.

Many bi-communal debates and seminars already take place and these should be encouraged. Politicians from both communities should be ready to address peoples from both communities and answer their questions.

The learning of each other's languages should be encouraged. Many older generation Cypriots are still able to speak both languages. However, this is not the case for members of the younger generation.

Other possible CBMs could include:

- Unilateral troop withdrawal
- Mobile phone compatibility (currently all calls have to through either Turkey or Greece)
- Library creation
- Reduction in nationalistic symbols from Turkey and Greece

14. Conclusions and Recommendations

No new round of talks are likely to take place in the near future. While the Turkish Cypriots and Turkey may feel ready, the Greek Cypriots clearly do not. While the Greek Cypriots should not be forced to return to the negotiating table, as this will only breed resentment, long delays will not necessarily work to their advantage. They should also make clearer what their reasons are for taking this position. Furthermore, while Cyprus remains in this “limbo” position, the Greek Cypriots should support efforts to improve the economic conditions of the Turkish Cypriots.

The UN plan continues to represent the basis for a future settlement and all sides seem to accept that certain changes will be needed, particularly regarding security, property and settlers. However, a great deal of give and take will be required to find a mutually acceptable plan. When an agreement is reached a lot of attention should be given to the manner of the campaign – not least regarding the media – before the deal goes to referendum.

During this period, the island would, overall, benefit from greater contact between the two sides at all levels and from the continued development of goodwill gestures and confidence-building measures with the support of the EU and the international community.

To the Turkish Cypriots

- Call for the launch of new talks for a settlement.
- Seek dialogue with Greek Cypriots on every level possible.
- Begin to adopt the *acquis communautaire* as much as is possible in anticipation of a settlement.
- Remind the international community of its commitments
- Encourage bi-communal activities.
- Speed up the de-mining process and the opening of new checkpoints.
- Encourage more economic cooperation with the Greek Cypriots.
- Take greater control of the sale of Greek-Cypriot land and buildings to foreigners.
- Consider the opening of Famagusta port under joint management and under the auspices of the EU.

To the Greek Cypriots

- Send out a clear message concerning the government's position on launching a new round of talks.
- Convey to the UN the issues that are the greatest importance to the Greek Cypriot community in the event of new talks.
- President Papadopoulos to meet with Mehmet Ali Talat under the auspices of either the EU or the UN.
- Facilitate the use of the Green Line Regulation for Turkish Cypriots to the greatest extent possible and encourage greater economic convergence between the two sides.
- Encourage bi-communal activities
- Allow the Turkish Cypriots to take part in international sporting occasions.
- Do not use Turkey's accession process as a tool to a settlement.

To Turkey

- Fulfill the obligations of signing the extended Customs Union and implement it in good faith.
- Continue the dialogue with Greek Cypriot political parties.
- Improve and develop relations with Greece.
- Call for a settlement and demonstrate a clear political will to this end.

To the European Union

- Deliver on the commitments that were made to the Turkish Cypriots more than 12-months ago.
- Clearly define what its role is going to be in new talks.
- Do everything possible to support measures to build trust.
- Enhance the Green Line Regulation as much as possible, monitor its effectiveness, and make sure that both communities are using it appropriately.
- Make Cyprus a priority on the EU agenda.
- Do not allow the Greek Cypriots to de-rail Turkey's membership talks.
- Encourage Turkey to normalise relations as much as possible with Nicosia but do not use Turkey's membership aspirations as a tool to maneuver them into making further concessions while the current stalemate exists.
- Encourage the Greek Cypriots that a return to the negotiating table is in their benefit.

To the UN and the International Community

- Continue to monitor developments on the island and to encourage the resumption of talks
- Make regular visits to the leaders on all sides (including Greece).
- Encourage cooperation at all levels.
- Do not be seen to be taking sides.
- Encourage the Greek Cypriots that a return to negotiating table is in their benefit.
- Define what how the EU role will fit in with the UN role and that of the international community.
- Suggest that expert committees are formed to look at problematic issues.