



# Cyprus: Reunification Proving Elusive

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September 10, 2010

Congressional Research Service

7-5700

[www.crs.gov](http://www.crs.gov)

R41136

## Summary

Attempts to resolve the Cyprus problem and reunify the island have undergone various levels of negotiation for almost 40 years. Nevertheless, in October 2010 the Republic of Cyprus will celebrate its 50<sup>th</sup> anniversary as a divided country and with a permanent solution far from being achieved.

On April 18, 2010, Turkish Cypriot voters selected a new leader, Dervis Eroglu of the National Unity Party (UBP) in part due to the fact that after almost two years of intense negotiations between Turkish Cypriot leader Mehmet Ali Talat and Cyprus President Dimitris Christofias, a Greek Cypriot, attempts to reach an acceptable solution for reunification had failed. Eroglu, a 72-year-old physician, long-time politician, and a negotiator considered more hard-line than Talat, led a political party that included some who advocated a permanently divided island and international recognition for the Turkish Republic of Northern Cyprus (TRNC).

Despite predictions of difficult times ahead as a result of the elections in the north, reinforced by a growing lack of unity among the Greek Cypriot political leadership whose opposition to Christofias' negotiating strategy has grown, new talks began on May 26, 2010. Both Christofias and Eroglu have repeated their desire to reach a solution, although Eroglu has stated that such an agreement must be achieved by the end of 2010 while Christofias has rejected any such timetable. The talks continued through several meetings and three informal dinners over the course of the summer. Several additional meetings, including two all-day sessions have been held in September. The talks have focused almost entirely on the difficult issue of property where both sides have had long held and hugely different positions.

Pressure on both Christofias and Eroglu to achieve significant progress toward an agreement has also come from outside Cyprus. Turkey, facing national elections in early 2011, has called for a settlement by the end of 2010. This Fall, Turkey also faces the next progress report on its EU accession negotiations which, in part, will be influenced by Turkey's role in trying to promote a Cyprus solution. The United Nations also appears to have adopted the end of 2010 deadline for a settlement and the Secretary-General has indicated that he will issue a status report on the progress of the negotiations in November that could determine the future role of the U.N. in the negotiating process. Finally, the European Commission has introduced a formal regulation regarding direct trade between the EU and Turkish Cyprus that is currently pending before the European Parliament and which has caused considerable problems for the Greek Cypriot side.

The United States Congress has continued to maintain its interest in Cyprus partly due to constituent concern and because the lack of a negotiated settlement continues to effect relations between Turkey and the EU, Turkey and Greece, the EU and NATO, and overall U.S. interests in a strong relationship with Turkey. Hearings could be anticipated on the future of the negotiations as the new round of talks progress.

## **Contents**

Background .....	1
Annan Plan .....	2
The Christofias -Talat Negotiations: 2008-2010.....	3
A New Era: Christofias and Eroglu.....	6
Issues .....	8
EU Trade with North Cyprus .....	11
Assessment .....	12

## **Figures**

Figure 1. Map of Cyprus .....	2
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## **Contacts**

Author Contact Information .....	15
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## Background<sup>1</sup>

The island Republic of Cyprus gained its independence from Great Britain in 1960. Of the total population living on the island, approximately 77% are of Greek ethnic origin, and roughly 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 Greek and 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*), while Turkish Cypriots preferred to partition the island (*taksim*) and possibly unite the Turkish Cypriot zone with Turkey.

Cyprus's success as a stable, new republic lasted from 1960-1963. After President (and Greek Orthodox Archbishop) Makarios III proposed constitutional modifications that favored the majority Greek Cypriot community in 1963, relations between the two communities deteriorated, with Turkish Cypriots increasingly consolidating into enclaves in larger towns for safety. In 1964, Turkish Cypriots withdrew from most national institutions and began to administer their own affairs. Intercommunal violence occurred between 1963 and 1964, and again in 1967. On both occasions, outside mediation and pressure, including by the United States, appeared to prevent Turkey from intervening militarily on behalf of the Turkish Cypriots. On March 4, 1964, the United Nations 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, 1964, and still carries out its mission today.

In 1974, the military junta in Athens supported a coup against President Makarios, replacing him with a more hard-line supporter of *enosis*. In July 1974, Turkey, citing the 1960 Treaty of Guarantee as a legal basis for its move, deployed its military forces in two separate actions to the island, and by August 25, 1974, had taken control of more than one-third of the island. This military intervention<sup>2</sup> had many ramifications. Foremost was the widespread dislocation of both the Greek and Turkish Cypriot population and related governance, refugee, and property problems.

After the conflict subsided and a fragile peace took root, Turkish Cypriots pursued a solution to the conflict that would keep the two communities separate in two sovereign states or two states in a loose confederation. In February 1975, the Turkish Cypriots declared their government the "Turkish Federated State of Cyprus" (TFSC). In 1983, Turkish Cypriot leader Rauf Denktaş declared the "Turkish Republic of Northern Cyprus" (TRNC)—a move considered by some to be a unilateral declaration of independence. At the time, Denktaş argued that creation of an

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<sup>1</sup> Parts of this report are drawn from a more comprehensive history of the Cyprus negotiations found in CRS Report RL33497, *Cyprus: Status of U.N. Negotiations and Related Issues*, by Carol Migdalovitz.

<sup>2</sup> 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." According to the International Institute for Strategic Studies, *The Military Balance—2009*, Turkey still has 36,000 troops on the island. However, the Greek Cypriots claim that the figure is 42,000 to 44,000. "Defense Committee: UNFICYP Figures on Occupying Troops are False," Cyprus News Agency, February 6, 2009, BBC Monitoring European.

independent state was a necessary precondition for a federation with the Greek Cypriots. However, he ruled out a merger with Turkey and pledged cooperation with United Nations-brokered settlement efforts. Twenty-seven years later, only Turkey has recognized the TRNC.

Between 1974 and 2002, there were numerous, unsuccessful rounds of U.N.-sponsored direct and indirect negotiations to achieve a settlement. 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 differences in views also affected the resolution of issues such as property claims, citizenship of Turkish settlers who had come to the island, and other legal issues.

Figure I. Map of Cyprus



Source: Map Resources. Adapted by CRS.

## Annan Plan

Negotiations for a final solution to the Cyprus issue appeared to take a dramatic and positive step forward when on November 11, 2002, then-U.N. Secretary-General Kofi Annan presented a draft of The Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem, commonly

referred to as the Annan Plan. The plan called for, among many provisions, a “common state” government with a single international legal personality that would participate in foreign and EU relations. Two politically equal component states would address much of the daily responsibilities of government in their respective communities. The Annan Plan was a comprehensive approach, and of necessity addressed highly controversial issues for both sides.

Over the course of the next 16 months, difficult negotiations ensued. Turkish Cypriot leader Denktash was replaced as chief negotiator by a more pro-settlement figure, and newly elected “prime minister,” Mehmet Ali Talat. Greek Cypriot President Glafkos Clerides was replaced through an election with, according to some observers, a more skeptical President, Tassos Papadopoulos. The Annan Plan itself was revised several times in an attempt to effect compromises demanded by both sides. Complicating the matter even more, on April 16, 2003, the Republic of Cyprus signed an accession treaty with the European Union to become a member of the EU on May 1, 2004, whether or not there was a settlement and a reunited Cyprus.

Finally, after numerous meetings and negotiations and despite a lack of a firm agreement but sensing that further negotiations would produce little else, on March 29, 2004, Secretary General Annan released his “final revised plan” and announced that the Plan would be put to referenda simultaneously in both north and south Cyprus on April 24, 2004. The Turkish Cypriot leadership split, with Denktash urging rejection and Talat urging support. Greek President Papadopoulos, to the dismay of the U.N., EU, and United States, but for reasons he argued were legitimate concerns of the Greek Cypriot community, urged the Greek Cypriots to reject the referenda. On April 24, what remaining hope existed for a solution to the crisis on Cyprus was dashed as 76% of Greek Cypriot voters rejected the Plan, while 65% of Turkish Cypriot voters accepted it. In his May 28, 2004, report following the vote, Annan 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.’”

For roughly the next four years, to little avail, Cyprus muddled through a series of offers and counter-offers to restart serious negotiations even as the Greek Cypriots solidified their new status as a member of the EU, a status not extended to the Turkish Cypriots despite an EU pledge to try to help end the isolation of the north.

## **The Christofias -Talat Negotiations: 2008-2010**

On February 24, 2008, 61-year-old Dimitris Christofias of the Progressive Party of Working People (AKEL) was elected to a five-year term as President of Cyprus. Mr. Christofias was educated in the Soviet Union and is a fluent Russian-speaker. He joined the communist-rooted AKEL party at the age of 14 and rose through its ranks to become leader in 1988. Christofias was elected president of the Cypriot House of Representatives in 2001 and won reelection in 2006.

Christofias’s election had the backing of the Democratic (DIKO) Party and the Socialist (EDEK) Party. Christofias, in part, tailored his campaign to opposing what he believed was an uncompromising approach toward the Turkish Cypriots by former Cypriot President Papadopoulos and the stagnation in the attempt to reach a just settlement of the Cyprus problem. Although serious differences existed between the Greek Cypriot and Turkish Cypriot sides over a final settlement, Christofias took the outcome of the vote as a sign that Greek Cypriots wanted to try once again for an end to the division of the island. In his inaugural address, President Christofias expressed the hope of achieving a “just, viable, and functional solution” to the Cyprus

problem. He said that he sought to restore the unity of the island as a federal, bi-zonal, bi-communal Republic, to exclude any rights of military intervention, to provide for the withdrawal of Turkish troops and, ultimately, the demilitarization of the island. Christofias also reaffirmed that the 2004 Annan Plan, which he himself opposed at the time, was null and void and could not be the basis for a future settlement.

After Christofias's election, Turkish Cypriot leader Mehmet Ali Talat, a long-time acquaintance of Christofias, declared that, "a solution in Cyprus is possible by the end of 2008."<sup>3</sup> He also declared that "the goal is to establish a new partnership state in Cyprus, based on the political equality of the two peoples and the equal status of two constituent states."<sup>4</sup> As early as 2004, Talat, as Turkish Cypriot "prime minister", was credited with helping convince the Turkish Cypriots to support the Annan Plan and had been seen as perhaps the one Turkish Cypriot leader who could move the Greek Cypriots toward a more acceptable solution for both sides. For his efforts at the time, Talat, on April 17, 2005, was elected "president" of the TRNC over the UBP's Dervis Eroglu, receiving 55.6% of the vote in a field of nine.

On March 21, 2008, Christofias and Talat met and agreed to establish working groups to address issues related to a comprehensive settlement, including governance and power-sharing, EU matters, security and guarantees, territory, property, and economic matters. They also created seven technical committees to address day-to-day issues of crime, economic and commercial matters, cultural heritage, crisis management, humanitarian matters, health, and environment.

On July 2, 2008, the two leaders met and agreed in principle on a single national sovereignty and citizenship and decided to start full-fledged negotiations by September 3. On July 18, U.N. Secretary-General Ban Ki-moon named former Australian Foreign Minister Alexander Downer to be his Special Advisor on Cyprus and to lend the good offices of the U.N. to the negotiation process. On July 20, 2008, Turkish Prime Minister Recep Tayyip Erdogan, perhaps recognizing that Turkey's own future as a potential member of the EU was very much tied to a successful settlement on Cyprus, extended full support to Talat and said that "a comprehensive solution will be possible in a new partnership where the Turkish Cypriot people and the Turkish Republic of Northern Cyprus will equally be represented as one of the founder states. This new partnership will be built upon such indispensable principles as bi-zonality, political equality, and Turkey's effective guarantorship."<sup>5</sup> The last part of that statement sent red flags throughout Greek Cyprus and reignited the ongoing debate over the continued presence of some 30,000 Turkish military forces on the island and the intense desire on the part of the Greek Cypriots to have all Turkish troops removed. Nevertheless, on September 11, 2008, substantive negotiations on governance and power-sharing began.

While the negotiations between Christofias and Talat appeared to get off to a fast start, the differences in positions quickly became apparent and the talks, although held on a regular basis, started to bog down. Talat wanted to pursue negotiations on the basis of the provisions of the old Annan Plan, while Christofias, mindful of the Greek Cypriot rejection of that plan, was keen to avoid references to it. Old differences quickly resurfaced. As the negotiations dragged on well

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<sup>3</sup> "I am Hopeful about a Solution, TRNC President Talat," *Anatolia*, February 25, 2008, BBC Monitoring European, February 26, 2008.

<sup>4</sup> Letter to the Editor, *Financial Times*, March 5, 2008.

<sup>5</sup> "Erdogan Warns Against Attempts to Water Down Parameters of Cyprus Settlement," *Turkish Daily News*, July 21, 2008.

into 2009, it appeared that impatience, frustration, and uncertainty were beginning to mount against both Christofias in the south and Talat in the north.

Two political events in the spring of 2009 seemed to have hamstrung the ability of either side to take the dramatic steps needed to boost the negotiations into a final phase. In March 2009, the Democratic Party (DIKO), one of the main governing coalition partners of President Christofias, held party elections in which hard-line candidates won all three posts contested. The new leadership suggested that the party consider withdrawing from the coalition due in part to a belief that Christofias was not keeping them informed of his negotiating positions or of the concessions he may have offered to Talat. The outcome of this vote left many wondering whether Christofias would face difficulties in gaining approval for any agreement he would reach with Talat that included concessions unacceptable to the coalition partners. In the north, parliamentary elections were held on April 19, 2009, in which the opposition UBP won 26 out of the 50 seats in the parliament. The election propelled UBP Party leader Dervis Eroglu into the forefront of the presidential elections scheduled for April 2010 and presented Mr. Talat with a less sympathetic parliament to deal with, one whose disapproval of any agreement would likely play an important role in any referenda in the north.

By the end of 2009 perspectives on both sides of the island seemed to have begun to change. Some suggested that the Greek Cypriots sensed that the talks could not produce a desired outcome before the April 2010 elections in the north, in which Talat was trailing in the polls to Eroglu, and thus the negotiations were likely to have to begin anew, possibly with an entirely different Turkish Cypriot leadership. Under that scenario, many Greek Cypriots, including members within the political parties of the governing coalition, seemed leery of weakening their hand by offering further concessions. Some Turkish Cypriots, on the other hand, appear to have begun to think that the Greek Cypriot side would not offer Talat a negotiated settlement, betting from the opinion polls in the north that Eroglu would win the April elections and would pull back from serious negotiations, at least for a while as he consolidated his new government and re-ordered his strategy. The Greek Cypriots could then blame the anticipated hard-liners in the north and their presumed patrons in Ankara if the talks collapsed.

As the negotiations entered 2010, it appeared that the window of opportunity to reach a final settlement, at least between Christofias and Talat, was closing fast. Despite the fact that the two sides had been in negotiations for almost 18 months and in close to 60 meetings, they appeared to have very little to show for their efforts. In his new year message to the Greek Cypriots, Christofias suggested that while some progress had been made in a few areas, the two sides were not close to a settlement.

The intensive dialogue between Christofias and Talat resumed on January 11, 2010, but after three sessions the talks seemed to be at a standstill with the gap between the respective positions of President Christofias and Mr. Talat on many of the tougher issues seeming to be insurmountable. On February 9, 2010, Christofias's coalition partner EDEK quit the coalition claiming that, in their opinion, "the President has been following a mistaken strategy which the other side is using to its own advantage."<sup>6</sup> EDEK argued that the concessions Christofias apparently had made regarding a rotating presidency and the acceptance of 50,000 settlers had to be withdrawn. Soon after the EDEK decision, some factions within the DIKO party, the other member of the governing coalition, began agitating for a similar vote to leave the government,

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<sup>6</sup> "EDEK quits government," *Cyprus Mail*, February 9, 2010.



citing very similar reasons, including their disagreement over a rotating presidency. On February 23, the DIKO central committee met but decided to remain in the coalition for the present.

The last formal negotiating session between Christofias and Talat concluded on March 30, 2010, with apparently no new developments. In the run-up to the final session there was some speculation that both sides would issue a joint statement assessing the negotiations up to that point and perhaps even announcing some of the areas in which “convergences” between Christofias and Talat had been achieved. Speculation was that Talat, had wanted something positive to take into the final days of the election campaign and had presented Christofias a report summarizing what the Turkish Cypriots understood to have been achieved. Christofias, however, was already under pressure from his coalition partner, DIKO, and former coalition partner, EDEK, not to issue such a statement that could have been interpreted as an interim agreement.

On March 30, Christofias and Talat issued a short statement suggesting that they had indeed made some progress in governance and power sharing, EU matters, and the economy, but they did not go beyond that. On April 1, Talat, feeling he needed to say more to his Turkish Cypriot constituents about the negotiations, held a press conference at which he outlined his understandings of what he and Christofias had achieved to that point. Christofias would neither confirm nor deny what Talat had presented but did indicate that the issues would be considered by the National Council, the Greek Cypriot political body that advises the President on Cyprus settlement issues.

## **A New Era: Christofias and Eroglu**

On April 18, 2010, Turkish Cypriot leader Talat lost his re-election bid to his rival Dervis Eroglu of the National Unity Party (UBP). Observers believe Talat’s defeat was due to a combination of his failure to secure a settlement of the Cyprus problem after almost two years and his inability to convince the EU and others to help end what the Turkish Cypriots believed was the economic isolation of the north. Some observers also noted that an overwhelming number of Turkish settlers, who continue to identify more with mainland Turkey and who have little interest in unification with Greek Cyprus, voted for Eroglu because they believed his views were consistent with theirs.

Eroglu, a 72-year-old physician, and long-time politician, won the election with just over 50% of the vote. Eroglu was seen as having a style and harder-line views similar to former Turkish Cypriot leader Rauf Denktash, particularly in seeking more autonomy for each community. Eroglu also headed a party in which some in the party had advocated a permanently divided island and international recognition for the Turkish Republic of Northern Cyprus (TRNC). It was reported that during the campaign he may have suggested that perhaps Cyprus should consider a kind of “soft divorce” similar to what the Slovaks and Czechs did when they separated. During the campaign, Eroglu also criticized Talat for what he thought were too many concessions to the Greek Cypriot side, including the agreement that a reunited Cyprus would hold a single sovereignty through which both sides would reunite. Nevertheless, even while criticizing Talat’s positions, Eroglu insisted that negotiations would continue under his presidency. Upon assuming his new office, Eroglu wrote a letter to U.N. Secretary-General Ban Ki-moon expressing his willingness to resume the negotiations under the good offices of the U.N. and at the point where the negotiations had left off. Despite Eroglu’s position regarding the resumption of talks, it appears all political elements on the Greek Cypriot side saw Eroglu’s election as a negative development and expressed their skepticism as to what the future would hold.

Interestingly, in early March, Turkish Prime Minister Erdogan invited Greek Cypriot media representatives to Turkey to meet with him to discuss Turkish views on the Cyprus peace process. During the meeting, which was unprecedented, it was reported that Erdogan spoke about his support for a bi-zonal, bi-communal federation; the eventual withdrawal of Turkish troops from the island; and a pledge of Turkish support for a “lasting comprehensive settlement” at the earliest possible time.<sup>7</sup> Erdogan’s comments were mostly seen as positive support for the continuation of the negotiations and read by some in Cyprus as an indication that even if Talat was not reelected in April, his successor would not be allowed to “walk out of the talks.”<sup>8</sup> In his post-election statement, Eroglu told Turkey’s NTV television that “no one must think that I will walk away from the negotiating table. The talks process will continue.”<sup>9</sup> Subsequently, Turkish Prime Minister Erdogan congratulated Eroglu on his election and promised to continue to support the Turkish Cypriots. However, appearing on television right after the vote, Erdogan apparently did suggest that Eroglu would have to continue negotiations and that Ankara wanted a solution to the Cyprus issue by the end of 2010.<sup>10</sup>

This “deadline” of 2010 for both sides to reach an agreement has apparently also been adopted by the United Nations Secretary-General who stated that he would issue a new report by the U.N. Good Offices mission in November assessing the progress of the negotiations and suggesting that the U.N. Good Offices mission could end at that time if no substantial progress in the negotiations had been made. Many Greek Cypriots interpreted this decision by the Secretary-General as a subtle warning to the Greek Cypriot President that they may bear the brunt of the blame for any lack of progress in the talks.

On May 26, 2010 President Christofias and Turkish Cypriot leader Eroglu held their first formal negotiating session. They were accompanied by their principle advisors, George Iacovou for the Greek Cypriots and Kudret Ozersay for the Turkish Cypriots. The meeting was held under the auspices of the U.N. Secretary-General’s Special Advisor on Cyprus, Alexander Downer and focused on the difficult issue of property rights which up to this point had not been seen as an issue that Christofias and Talat had focused on at all.

Although the meeting was described as positive, low-key, and business-like, a controversy arose when it was reported that Downer apparently read a statement from U.N. Secretary-General Ban congratulating the parties for starting the talks again from where they left off including the confirmation of existing convergences agreed to by Christofias and Talat, for agreeing to abide by U.N. Security Council resolutions on Cyprus, and suggesting that a final agreement could be reached in the coming months. The first part of the controversy involved criticism from several of the Greek Cypriot political parties that were concerned that the references to the “convergences” arrived at by Christofias and Talat were being considered as agreements by the U.N., a position not shared by the Greek Cypriots. In addition, some Greek Cypriots, including President Christofias, had expressed concern over the end of 2010 being imposed on the negotiations as an unofficial time-line to reach a solution. On the other hand, apparently after the May 26 meeting, Eroglu made a statement that the Turkish Cypriots would not be bound by the statement of the U.N. Secretary-General, especially with regard to previous U.N. Security Council resolutions,

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<sup>7</sup> Account of the press conference between representatives of Greek Cypriot media and Turkish Prime Minister Recep Tayyip Erdogan as reported in the *Cyprus Mail*, March 2, 2010.

<sup>8</sup> “What was the meaning behind Erdogan’s words?,” *Cyprus Mail*, March 7, 2010.

<sup>9</sup> “Nationalist Dervis Eroglu wins northern Cyprus election,” *BBC News*, April 18, 2010.

<sup>10</sup> “Turkey wants Cyprus deal in 2010 after Eroglu win,” *Reuters UK*, April 18, 2010.

some of which did include calls for Turkey to withdraw its troops from Cyprus. While Eroglu was apparently trying to clarify that he accepted U.N. resolutions on the parameters of the negotiations, some in the Greek Cypriot leadership seem to question whether Eroglu was trying to redefine the basis under which he would proceed with the negotiations.

Despite the initial bumps that arose with the launch of the new round of negotiations, additional sessions were held throughout July and into August, all focused on trying to resolve significant differences over the property issue. After a brief suspension of the talks in mid-August, Christofias and Eroglu met over dinner (their third) on August 31 and have held several additional sessions in September. Assessments of the negotiations thus far appear to be mixed. While both sides continue to talk and to schedule additional sessions, the discussions have apparently not moved beyond the property issue and neither side has indicated whether any progress is being made.

## **Issues**

Both sides agreed to begin the new round of negotiations where the Christofias/Talat negotiations supposedly left off although it was somewhat unclear exactly where Christofias and Talat left off as neither side revealed any official document listing any of the so called “convergences” that were apparently arrived at before Talat left office. Nevertheless, it seems most observers point to statements made by Christofias and Talat on May 23 and July 1, 2008 as the basis for the negotiations. In those two statements, the leaders affirmed a bi-zonal, bi-communal federation with political equality and a government with a single citizenship and a single international personality, and with Greek Cypriot and Turkish Cypriot states with equal status.

Even if Christofias and Eroglu have exchanged their own comprehensive proposals or agreed to accept the Christofias/Talat “convergences,” as a starting point, neither side would likely acknowledge them as anything more than unofficial understandings as both sides thus far have adhered to the idea that “nothing is agreed until everything is agreed.” However, based on comments by the two leaders, Talat’s April 1, 2010 press conference, critiques by leaders of the Greek Cypriot political parties, and other sources, the issues and the problems can be somewhat stitched together.

In his April 1 press conference former Turkish Cypriot leader Talat stated that 31 “joint documents” had been prepared addressing a range of issues on which the parties either shared similar views or where differences still existed. For instance, the federal government would have powers over external relations, EU relations, citizenship, budget and economic coordination. It seems that another understanding may have determined that one side would hold the portfolio of the foreign minister and the other the EU portfolio. The equal constituent states would cover most of the remainder of the governance issues. It appears that the two sides had agreed on a Senate, equally represented, and a House proportionally based on population. There may have also been a “convergence” on a new judicial court that would have equal Turkish and Greek Cypriot representation and that Cyprus would be represented in the European Parliament by four Greek and two Turkish Cypriot MPs.

At the same time, both sides continued to differ over how a new united Cyprus would be created. The Greek Cypriots assumed the new unified state would evolve from the existing Republic of Cyprus. The Turkish Cypriots wanted the new state to be based on two equal “founding states.” Greek Cypriots proposed the election of a president and vice president for a six-year term on the same ticket in a direct election with weighted cross community voting. The president would be a

Greek Cypriot for four years and the vice president would be a Turkish Cypriot; they would then rotate offices, with the Turkish Cypriot becoming president for two years. Turkish Cypriots initially proposed that the executive have two alternating presidents elected by the Senate. Turkish Cypriots were opposed to a single list of Greek Cypriot and Turkish Cypriot candidates to be elected by all of the people principally because Greek Cypriots, by virtue of their majority, would in effect, elect the Turkish Cypriot candidate. At some point Talat seemed to have made a significant concession in agreeing to accept the Greek position for the election of a president and vice president even though he continued to have doubts about direct popular voting. On January 7, 2010, Talat tabled a new proposal calling for a 3:2 rotating presidency (three years for a Greek Cypriot president and two years for a Turkish Cypriot president) instead of the 4:2 proposal on the table. Although the idea of a rotating presidency was not new, opposition to the proposal was vocal on the Greek Cypriot side as many Greek Cypriots apparently could not accept the idea of being governed by a representative of the Turkish Cypriot minority.<sup>11</sup>

Similarly, the Talat proposals called for a cabinet that included a 7 (Greek Cypriot): 5 (Turkish Cypriot) split instead of a 6:3 split. The Talat proposal called for the separate states to administer ports and airports in their respective territory. It was not clear if any of these proposals were included in the 31 joint documents.

The thorny issue of property has been the focus of all of the meetings thus far between Christofias and Eroglu. As in past negotiations, the gap in the respective Cypriot positions has been great and appears to remain so. As a result of the ethnic strife of the 1960s and the deployment of Turkish military forces on the island in 1974, it was estimated that over 150,000 Greek Cypriots living in the north were forced south and close to 50,000 Turkish Cypriots living in the south, fled to the north, with both communities leaving behind massive amounts of vacated property, including buildings and land. Greek Cypriots have long insisted that the original and legal owners who lost properties in the north must have the right to decide how to deal with their property, whether through recovery, exchange, or compensation. Turkish Cypriots, although apparently recognizing rights of original ownership, have pointed to recent rulings by the European Court of Human Rights (ECHR) and believe that the current inhabitant of a property must have priority and that the issue should be resolved through compensation, exchange, or restitution. In either case, the U.N. would work with both sides to find ways to raise the funds necessary to provide adequate compensation to the original owners, should that be part of the settlement outcome. Press leaks initially indicated that Eroglu had proposed that property in the south owned by Muslim charitable foundations be given to Greek Cypriots unable to return to their properties in the north. He also apparently has suggested that Turkish Cypriot property in the south become part of an urban development program in which money, presumably from the sale or rent of the property, be placed in a fund to compensate Greek Cypriots for lost property in the north.<sup>12</sup> New leaks reported in the press in September indicate that Christofias has apparently also suggested that Turkish Cypriot inhabitants of Greek Cypriot property pay rent to the owners until a settlement of a property's status is arranged.

The question of overall territory that would come under the jurisdiction of the two equal states is also in dispute. The Turkish Cypriot side of the "green line" includes approximately 37% of the island and includes several areas, such as Varosha, Morphou, and Karpas, that had been almost

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<sup>11</sup> According to a poll conducted by the EDEK party in the Spring of 2010, over 70% of Greek Cypriots polled expressed opposition to a rotating presidency.

<sup>12</sup> "Property leaks undermine the peace talks", *Cyprus-Mail*, September 5, 2010.

100% Greek Cypriot inhabited before the 1974 division. Greek Cypriots want that territory returned, which would leave the Turkish Cypriot side controlling about 29% of the territory. In July, 2010 it was reported that President Christofias has tabled a proposal that would link the property and territory issues and would include Christofias' apparent earlier offer to Talat to include allowing 50,000 Turkish settlers to stay, into one agreement. In that proposal, Christofias has resurrected an older proposal that would have the Turkish side return the uninhabited city of Varosha to Greek Cyprus in exchange for opening the sea port of Famagusta for use by the Turkish Cypriots to conduct international trade. The port would be operated by the EU and a joint Greek/Turkish administration, thus allowing direct trade between northern Cyprus and the EU. For a number of reasons, Eroglu has rejected both the linking of the three issues as well as the Varosha/Famagusta proposal.

Next to the property issue, the issue of security guarantees continues to be one of the most difficult bridges to cross. The Greek Cypriots had long argued that all Turkish military forces would have to leave the island. They argued that the European Union (EU) could offer guarantees to all of its member states and even offer guarantees to third countries. Therefore, once north Cyprus was part of the EU, they saw no reason for guarantees from third countries such as Turkey, Greece, or the United Kingdom.<sup>13</sup> Turkish Cypriots and Turkey maintain that the 1960 Treaties of Guarantee and Alliance must be reaffirmed in any settlement and Turkish security guarantees should not be lifted until Turkey joins the EU because, without guarantees, the Turkish Cypriots would feel insecure based on their history with ethnic violence on the island in the 1960s.

While both sides are now well into the negotiations, it remains unclear if any issues that may have been resolved by Christofias and Talat have been accepted by Eroglu or re-tabled by Christofias. This is important for Christofias because he has come under harsh criticism and the loss of political support from his two governing coalition partners as well as from the opposition for his positions on issues as volatile as a rotating presidency or the acceptance of any Turkish settlers at all. This internal difficulty for Christofias was first evident when between May 15 and May 20, 2010, the Greek Cypriot National Council held heated debates over the negotiations and failed to agree on a joint statement outlining a comprehensive strategy to be pursued by President Christofias. That rift between President Christofias and the National Council has continued throughout the summer and the Council has demanded that Christofias consult it before he makes any additional offers to the Turkish Cypriot side as part of the settlement negotiations. After press leaks in September indicated that part of Eroglu's proposals on property may have set minimal limits on the number of displaced Greek Cypriots that could return to their properties in the north, several of the Greek Cypriot political parties reacted negatively. Yiannakis Omiirou, leader of EDEK reportedly called Eroglu's proposals "infuriating and uncompromising" and not worth discussing.<sup>14</sup>

Initially, questions arose over how each leader would define exactly what the term "convergence" referred to or what the term "starting where things left off" really meant. With over 10 negotiating sessions already held between Christofias and Eroglu, all focused on the property issue and little or no discussion of any other issue, these questions appear to remain unresolved.

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<sup>13</sup> "Cypriot FM: No Derogations from Acquis During a Solution," Cyprus News Agency, November 14, 2008, BBC Monitoring European, November 17, 2008.

<sup>14</sup> "Christofias: unity needed now, before it's too late", *Cyprus-Mail*, September 9, 2010.

## EU Trade with North Cyprus

During the lull between the last negotiating session between Christofias and Talat on March 30, 2010 and the April 18 elections in the North, a potentially problematic issue rose unexpectedly for the Greek Cypriot side. It was reported in the news that as early as December 2009, the European Commission had sent a list of potential regulations to the EU Parliament for consideration as part of the Parliament's new authorities under the Lisbon Treaty that took effect on December 1, 2009. One of those proposed regulations involved direct trade between the EU member states and north Cyprus, a proposal initially put forward by the EU in 2004 after the Turkish Cypriots agreed to accept the Annan Plan for reunification. The EU, as an acknowledgment of the positive Turkish Cypriot vote, had agreed to take measures to help end what some claimed was the isolation of the north and to stimulate the north's economy. Since the European Union had taken the position that the whole of Cyprus was part of the Union, trade with the north had been considered an internal market issue. Under the EU's rules, changes to this issue were subject to unanimous vote within the EU Council and thus the acceptance or veto of the Cyprus government was key. At the time, the trade proposal was ultimately vetoed by the Government of Cyprus in the EU Council on the grounds that considering direct trade with the north would effectively recognize the Turkish Republic of Northern Cyprus and would lessen the urgency in the north to negotiate a final settlement.

The Republic of Cyprus argues that the Turkish Cypriots are far from "isolated". They point out that under Cyprus' EU Accession Agreement, Turkish Cypriots can travel to the south, apply for an EU passport, and travel throughout Europe. On trade, they maintain a similar view. Under the Green Line regulations of 2004, trade between north Cyprus and EU member states can take place as long as products from the north transited through ports operated by the Government of Cyprus, the official member of the Union. Although this process provides Turkish Cypriot products EU trade preferences, Turkish Cypriots argue that certain restrictions placed on the transit of goods from the north to ports in the south by the Government of Cyprus make it difficult and more expensive to comply with EU regulations. Direct trade from Turkish Cypriot ports in the north to EU member states also exists today although products destined for Europe through the north do not include EU trade preferences and do not carry commercial documents officially recognized in EU customs territory. Despite these restrictions, exports from the north to the European market amount to approximately 20% of the north's total exports making the EU north Cyprus' second largest trading partner after Turkey. Easing of the EU's direct trade restrictions would clearly have a beneficial impact on the north. According to Kemel Baykalli of the Turkish Cypriot Chamber of Commerce (KTTO), "the adoption of the direct trade proposal ... will increase the competitiveness of Turkish Cypriot products and thus help bridge the economic gap with Greek Cyprus".<sup>15</sup> others also believe direct trade would serve to convince the Turkish Cypriots of the benefits of full membership in the EU and thus could become a positive force on the Turkish Cypriot leaders to reach a final settlement.

News reports in Cyprus on March 1, 2010 indicated that the EU Commission, under the new provisions of the Lisbon Treaty, sent a formal notification to the EU Parliament asking for consideration of a Direct Trade Regulation (DTR), a decision that would address trade with north Cyprus as an issue of international trade with a third party and could avoid a Greek Cypriot veto

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<sup>15</sup> Turkish Cypriot NGO campaigns for direct trade with EU, *Hurriyet Daily News and Economic Review*, May 13, 2010.

in the EU Council. The Government of Cyprus claimed that they were never notified by the Commission, as required, nor were its members in the Parliament briefed.

Accusations and finger pointing grew more intense in Cyprus with representatives of the political parties accusing the Government of missing this development and claiming that such a decision to initiate direct trade with the north would circumvent Articles 1 and 2 of Protocol 10 of the Accession Treaty with Cyprus. This they claim would result in an actual partial lifting of the suspended *acquis* in the north, would endanger the unification negotiations, and would give the Turkish Cypriots less of an incentive to make concessions. The Commission's proposal also seems to have been partly behind the offer by President Christofias to open the port of Famagusta to Turkish Cypriot trade (in exchange for the return of Verosha) as a way to preempt any direct EU trade with the north without Government of Cyprus participation.

The direct trade issue has also become a difficult legal and political matter in the Parliament as well. In the Commission's proposal, the legal basis for considering the DTR would fall to the Trade Committee. After several weeks of discussions between the Cyprus government, the Greek Cypriot members of the EU Parliament, and their European People's Party group leadership, the majority political group in the Parliament, the Parliament leadership agreed that the issue would be considered by the Legal Committee which would determine under what legal basis the Parliament had jurisdiction to act on the DTR. The Legal Committee appointed a rapporteur to study the question and the Committee is expected to issue some kind of opinion in September. Because of the controversial nature of the regulation and the impact it could have one way or the other on the current negotiations in Cyprus, it is unclear whether Parliament would postpone any further consideration of the direct trade issue no matter the outcome of the Legal Committee's opinion, until the end of 2010 pending an assessment of the status of the negotiations by that time.

Some observers believe the direct trade issue had more to do with Turkey's EU accession status than with opening up northern Cyprus. Turkey continues to refuse to open its air and sea ports to Cypriot commercial operations as required under an Additional Protocol signed between the EU and Turkey. Turkey, on several occasions has hinted that permitting direct trade between the EU and north Cyprus could result in Turkey's compliance with the Protocol. With the EU Commission and Council assessments of Turkey's accession progress looming again in the Fall of 2010, the Commission appears to have wanted to take an initiative that would allow Turkey to respond positively and thus avoid another year in which Turkey has failed to comply with EU rules. In any case, for some observers, the debate over direct trade has added a negative distraction to the negotiations on the Greek Cypriot side. Many believe the issue of opening up more trade opportunities for Turkish Cypriot products should be resolved by the Cypriot parties and the EU outside of the settlement negotiations. This could be done initially by having the Greek Cypriots remove any impediments the Turkish Cypriots claim hinder their ability to transit products through Government ports while the Turkish Cypriots should accept the proposal to open the port of Famagusta under EU and joint Cypriot administration.

## **Assessment**

The elections of Christofias and Talat in 2008 ushered in a period of higher expectations for a settlement than at any time since 2004, when the Annan Plan was considered by both Cypriot communities. The personal relationship between Christofias and Talat and their public commitments to finding a solution to the Cyprus problem suggested that if these two leaders

could not achieve a negotiated settlement, not perfect for either side but acceptable to both, then it might take a long time before two like-minded leaders would again find themselves in a position to find a way to unify the people of Cyprus.

Yet, after two years and close to 80 meetings and despite the strong commitment, good intentions, and warm relations between the two leaders, progress in the talks seemed to have fallen victim to the harsh realities of almost four decades of separation, mistrust, misunderstanding, and in some cases, indifference to the need for a final settlement and unification of the island. Even a possible change in leadership in the north, and thus perhaps a different negotiating strategy and more uncertainty for the future, did not appear to be enough of an incentive to overcome the differences to find a final solution.

The inability of two pro-solution leaders to reach an acceptable accommodation has led some observers to question whether a settlement could still be achieved at all or whether, despite all of the rhetoric, maintaining the status quo could become a less desirable but less disruptive outcome for both sides. In the fall of 2009, the International Crisis Group (ICG), in a report it published suggested that after all the fits and starts of the current (Christofias/Talat) round of negotiations, “the island may be accelerating a slide toward permanent partition and that some elements in both communities given 36 years of futility and the wide differences of opinion over each item on the table from property rights to Turkish settlers to governance, may be willing to concede the possibility of a permanently divided land.”<sup>16</sup> This issue has resurfaced, ironically from Christofias himself, when after the September 8, 2010 negotiating session, Christofias was reported to have warned that “the fait accompli on the island could soon become a road of no return” and that he was not willing to become the “last president before partition”.<sup>17</sup>

Such a final outcome is one many observers feel would be a disaster for all sides on the island, as well as those with direct interest in a solution, especially the EU and Turkey.

Some believe the lack of a final settlement would not affect the benefits enjoyed by the people of the Greek Cypriot community as members of the European Union and thus there is less of an incentive to have their leaders negotiate away parts of their current authority and power to govern. The emergence of strong opposition to the idea of a rotating presidency and other issues under discussion, among the leaders of most Greek Cypriot political parties is a case in point. Yet, without a settlement, it would seem that potential economic opportunities and growth across the entire island may not materialize. In addition, Greek Cypriots will be less likely to receive fair compensation for any property they still claim. A recent decision by the European Court of Human Rights (ECHR) to recognize the Immovable Property Commission (IPC) in the north means that in the absence of a settlement, all efforts to settle claims for compensation or restitution by Greek Cypriots who fled to the south and lost property as a result of events in 1974 would have to be exhausted in the IPC before claims could be filed with the ECHR. It was initially thought that the decision by the ECHR, would force many Greek Cypriots who had hoped to avoid dealing with Turkish Cypriots or Turkey in seeking compensation or restitution for their property, to demand a political settlement that includes fair remedies for property claims. Thus far, this demand has not materialized although there appears to be growing Greek Cypriot opposition to reported Turkish Cypriot proposals for a settlement of the property issue. Finally,

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<sup>16</sup> *Cyprus: Reunification or Partition?* Europe Report 201, The International Crisis Group, September 30, 2009.

<sup>17</sup> *Ibid.* *Cyprus-Mail*, September 9, 2010.



the failure to reach a settlement would mean that Greek Cypriots may forever face a large and powerful Turkish army just a few kilometers from the “green line.”

For their part, the lack of a settlement for Turkish Cypriots could likely mean continue limited contact with Europe, little or no recognition for the TRNC, no benefits as an EU member, and continued dependence on Turkey for financial assistance.

For some on both sides, these may be risks worth taking. As the ICG pointed out in its report, there appears to be a growing younger generation on both sides of the island who have never interacted with the other and see no reason to, do not have as much of a stake in the property issue, and may not wish to face the uncertainties and potential problems that a settlement neither side likes, but accepts, could create. If these reports are accurate and the negotiations continue to falter, then a possible division of the island can no longer be seen as the simple musings of a small group of separatists.

Outside of the island, no one involved in the Cyprus issue wants to see the negotiations end or take such a significant step backward that it would take years to return to where the negotiations currently stand, even if many are not sure just how much progress toward a solution had actually been achieved between Christofias and Talat or is currently being achieved between Christofias and Eroglu. Although in a speech on August 15, Turkish Prime Minister Erdogan suggested that 2010 may be the last chance for the Greek Cypriots to take the steps needed for a solution, and on August 20, Mr. Eroglu said the end of 2010 could be a turning point, no interested parties involved in the Cyprus issue want either or both Cypriot sides to conclude that a permanent separation might be the least painful solution. Such an outcome would likely affect not only Cypriot-to-Cypriot relations but also Cyprus-Turkey, Greece-Turkey, EU-Turkey, and NATO-EU relations. Clearly, for the moment, no one can allow either side to entertain that option.

Sensing an earlier period when the talks were faltering, Turkish Prime Minister Erdogan suggested that, as a way to move the negotiations forward, a five-party international conference be held to try to help settle the major differences between the two Cypriot sides. The initial Greek Cypriot reaction was that such a conference was not needed and that a solution would have to come from the Cypriots themselves. However, in a March 18, 2010 speech, Christofias did seem to suggest that an international conference that included the permanent members of the U.N. Security Council, the EU, Greece, Turkey, and the two Cypriot sides might be useful if it focused on what he termed the international aspects of the problem, namely troop withdrawals, settlers, and future security guarantees. He has since restated his support for such an option. In each case, however, the Turkish Cypriots have raised concerns over their status at such talks asking whether they would be represented as a co-equal to the Government of Cyprus or as the Turkish Cypriot community.

Now that the new round of formal negotiations have resumed, all interested parties will focus on the relationship that develops between the Greek and Turkish Cypriot leaders and under what conditions. Thus far the relations between the two leaders seem to be businesslike, yet cordial and have included the willingness of each leader to cross the green line to have dinners in the others home. The talks themselves have moved forward, albeit on only one issue and with very little visible progress. But even if these initial negotiations continue to go fairly smoothly, the difficult work of finding the elusive settlement that has begun anew will not likely be any easier.

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