

Old Wine in New Wineskins: Elections in Cyprus and their 'Impact' on Negotiations

Written by Jan Asmussen

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JAN ASMUSSEN, AUG 31 2013

Cyprus is currently envisaging remarkable development. Governments changed in both parts of the island amidst economic troubles that call for drastic reforms. A casual observer might find that a new opportunity arises from all the turmoil. For the first time in Cypriot History both governments are led by, at least former, supporters of a final solution to the Cyprus problem.

The new President of the Republic of Cyprus, Nicos Anastasiadis, was one of the few Greek Cypriot politicians, who supported the Annan-Plan, a comprehensive solution plan that failed to gain Greek Cypriot public support in the 2004 referendum. Özkan Yorgancıoğlu, the new Turkish Cypriot Prime minister represents the *Cumhuriyeti Türk Partisi*, a party that equally supported the UN-blue print in the referendum that a majority support amongst Turkish Cypriots.

All this seems to suggest that prospects for a lasting, negotiated, and mutually acceptable solution have never been better.

Sadly, a closer look on the situation on the ground has a sobering effect. For a long time the Cypriot political establishment north and south was united in advocating the notion that the Cyprus problem was the challenge number one.

International and Regional Challenges

However, recent developments in Europe and the MENA-Region had certain effects on Cyprus' position in the order of the world, Europe and the region. These are possible repercussions of the Arab Spring and, more important the Euro crisis

The Arab Spring has visibly changed the Levant. Revolutions in Tunisia, Egypt and Libya were followed by an on-going civil war in Syria. While Cyprus has largely been unaffected by developments in Egypt, it might be touched by developments in Syria. The first indicators are the rising numbers of refugees to both parts of the island. If that conflict spills over to Lebanon – not an impossible notion, to say the least – Cyprus could see a recurrence of the 1975 refugee movement from there as well. Moreover, speculations that Russia might seek a naval base in Cyprus as a replacement for a possible loss of its position in Syria were reinforced by recent naval visits to the island.

Changes in the region include Turkey's hopes for taking on a new role as shining example for Arab states. These hopes have been tempered by the apparent failure of democratic consolidation both in Egypt and in Turkey itself (Gezi-Park). Hopes for quick economic recovery and possible Turkish investments have come to nothing. Therefore, Europe remains the main option for Turkey's continuing path to prosperity.

The second, more visible, field is that of the Euro crisis. The once thriving Greek Cypriot economy was on the verge of collapse. According to several rating agencies, it still is (Moody's). The main effect in Cyprus is that the Cyprus problem has lost its number one position. In the light of countless inconclusive negotiations dragging on since 1968 one might rightly question, if it ever was the most important one. But, opinion polls in both parts of the island support

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that notion.

A New President in the South...

On 24 February 2013 Nikos Anastasiadis was elected as President of the Republic of Cyprus – a man who had supported the Annan-Plan as others cowardly shied away.

Since 2011 the Republic of Cyprus (RoC) had envisaged a couple of grave difficulties that rocked the political, economic and social foundations of the Greek Cypriot society. In July 2011 a major explosion at the Mari naval base destroyed large parts of the nearby Vasiliko power plant. As a result, the RoC was forced to purchase electricity from Northern Cyprus. While this was done by signing a contract with the Turkish-Cypriot Chamber of Commerce, it was still hailed by the Turkish-Cypriot government as tacit recognition.^[i] While this was surely an emergency situation, it proved an unprecedented amount of practical flexibility on behalf of the Greek Cypriot authorities in times of crises. Shortly after that the Euro crisis hit the country. Nikos Anastasiadis swept to power with a promise to solve the current economic turmoil. It remained unclear how this crisis will affect the prospects of a solution. Nevertheless, there were two features of the new RoC President that merit consideration. First, he was one of the few Greek-Cypriot politicians who had supported the Annan-Plan. Second, he has since indicated that some kind of agreed loose federation of the island could be a possible solution.

These hopes proved to be groundless. First of all the Anastasiadis coalition included the rejectionist DIKO party. One condition for the support of Anastasiadis was that he promised not to negotiate on the basis of the Annan-Plan.

Subsequently, it came as a surprise that Anastasiadis declared the Cyprus issue as being of secondary importance. The economic crisis that hit hard on the Greek Cypriot economy was indeed a more pressing topic. For many Greek Cypriots the current crisis carried grave hardships. They lost savings and in many cases their jobs. Some do compare this crisis with the tragic year of 1974 when hundreds of thousands of Cypriots became refugees and the Greek Cypriots lost the northern part of the island. This comparison might be far-fetched, but it merits to look at a common element: In both cases the Greek Cypriots tend to put the blame on external forces rather than self-critical reflections on the origins of the crisis. In 1974 the blame went to NATO, the USA and the UK and by proxy Turkey. In 2013 it is Germany and the EU.

What is really disconcerting is that a critical evaluation of why the Cypriot business model of off-shore banking failed is missing.

A recent meeting that US Secretary of State John Kerry had with Greek-Cypriot Foreign Minister Ioannis Kasoulides revealed that this evaluation is still pending. Kerry has suggested linking the economic crisis, the exploration of gas in the off-shore area south of the island and the Cyprus conflict in order to find a solution for all parties. Kasoulides' answer was that the questions were separate ones and had nothing to do with each other.

One might question why, in the Greek Cypriot government's view, a future united Cyprus does not need a viable economy, secure routes for gas exports and certainly not a stable political system. Given the current stalemate what could be the role of the international community toward a solution. The simple answer is: none! The recent fuss about holding a simple dinner between the two leaders Anastasiadis and Eroğlu that took place after much ado about nothing exemplifies that there is currently no drive toward meaningful negotiations.

The problem is even graver: Everything that has been agreed upon by former president Christofias (rotating presidency/balance of votes etc.) has been taken off the agenda again by Anastasiadis

Instead the Greek Cypriot government called for a "fresh start" in which the Turkish Cypriot side will not be obliged to things accepted in the Annan Plan.

Only a die-hard optimist might under these circumstances think that these new tactics shall even produce some of the much discussed and never implemented confidence building measures, like the return of Varosha and the

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opening of Ercan airport for direct flights.

... And A New Prime Minister in the North

The Turkish Republic of Northern Cyprus (TRNC) elections of 28 July didn't produce a clear mandate for a pro-solution government. The pro-solution *Cumhuriyeti Türk Partisi-Bileşik* (CTP-BG) received 38.37 per cent of the vote, while the conservative *Ulusal Birlik Partisi* (UBP) got 27.38. The new government had therefore to rely on the support of the *Demokrat Parti-Ulusal Güçler* (DP-UG), a party that is less devoted to a federal solution and prefers an independent state for the Turkish Cypriots.

Despite declarations to the contrary the CTP/DP government is not mainly concerned with the solution of the Cyprus problem. The Turkish Cypriot state faces major economic problems that are mainly connected to Turkish mainland demands for more self-sustainable economic and administrative reforms. In short, Turkey refuses to continue to bail out the Turkish Cypriot society indefinitely. Therefore, the previous UBP government was forced to implement the so-called Turkey-TRNC Protocol, signed by the CTP government in 2009, that requires the government to decrease public service spending and privatize state-owned enterprises. In June 2013 UBP was only able to continue to pay state employees by signing an additional commitment to adhere to the protocol. Otherwise Turkey would have refused to release funds. At the ground of the problem lay the huge public debt that is estimated between 3.2 and 4.7 billion USD (around 145 per cent of North Cyprus' GDP).

On top of it, responsibility for the negotiations still rest in with conservative President Derviş Eroğlu, who was in the rejectionist camp during Annan Plan referenda.

The lack of determination on both sides can also be seen by the fact that negotiations are now no longer conducted by both Presidents (or as the UN terms them 'leaders'). Instead, two negotiators, Andreas Mavroyiannis and Osman Ertuğ, are appointed.

A New Role for International Mediation

What role could the international community play under these conditions? The United Nations could put an end to the negotiation charade. They might replace Downer (who is said to be on the list for next Australian ambassador to the USA) and continue to assist in the non-solution negotiations or they could just leave. They could leave the negotiations to the Cypriots, depriving them of the extra argument of foreign intermingling and save the money spent on Cyprus for real problems.

For the European Union there is no easy way out; with Greece, the UK, and the Republic of Cyprus as members and Turkey at its doorstep. The EU should therefore continue to pursue its harmonization efforts. The less and less effective Green line regulation needs improvement, the direct trade regulation is yet to be implemented and the financial aid package should be enlarged. Under no circumstances should the EU allow itself to be dragged into the negotiation process. It would only end up being blamed for bias and failure. Particularly now; as the EU has lost its attraction in the eyes of many Greek Cypriots because of the bail out.

The UN, the EU and other international organizations can only facilitate a solution if there are meaningful negotiations. Prospects of which are only to be foreseen by a higher authority.

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[i] In fact, this purchase did alter the trade patterns for that year. If one includes these the trade in 2011 was five times higher than in 2010 (€ 29, 954,867). EU Commission, *Report to the Council. Eight report on the implementation of Council Regulation (EC) 866/2004 of 29 April 2004 and the situation resulting from its application covering the period 1 January until 31 December 2011*.

[ii] FES Büro Zypern, *Präsidentchaftswahlen auf Zypern, Wahltelegramm*, Nicosia, 25 February 2013.

[iii] Stefanos Evripidou, „US keen to help ‘unfreeze’ Cyprus conflict“, *Cyprus Mail*, 11 May 2013.

[iv] “Our View: ‘Social’ dinner was much ado about nothing”, *Cyprus Mail*, 1 June 2013.

[v] The return of the town of Morphu/Güzelyurt is an example

[vi] Koalisyon dönemi, *Kıbrıs*, 29 July 2013. After long controversial discussions both parties agreed to form a new government on 28 August 2013, ‘CTP-DP tamam’, *Kıbrıs*, 29 August 2013.

[vii] Simon Bahceli, „Fractious coalition likely in Turkish Cypriot elections“, *Cyprus Mail*, 28 July 2013.

[viii] Elias Hazou, “Mavroyiannis to be chief negotiator at peace talks”, *Cyprus Mail*, 17 July 2013.

[ix] “Greek Cypriot negotiator is Mavroyannis”, *TRNC PIO News*, 17 July 2013.

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