

The European Union And Its Attitude Towards Turkish Cypriots After 2004: Continuity Or Change?

Introduction

Cyprus is the only EU member state which is *de facto* divided into two parts. Undoubtedly, it is one of the most serious political dilemmas facing EU politicians at the very beginning of the 21st Century. The situation has remained unchanged since July 1974 when Turkish troops landed on the island in response to the Greek *coup d'état*.¹ The division is a direct consequence of the military operation which led to ethnic separation. The Turkish army remained in Cyprus in order to ensure security of Turkish Cypriot community. As a consequence of the 1974 events, Greek Cypriots were forced to settle in the south while Turkish Cypriots living there had no choice but to move to the northern part of the island.

Greek Cypriots define the military operation of 1974 as an act of aggression and occupation while Turkish Cypriots use the term Cyprus Peace Operation.² It is only one from among many other differences which divide people along the armistice line. Nevertheless, international community has endeavoured to resolve the dispute since 1974. Number of initiatives, mostly under UN auspices, had been presented, however, the Annan Plan and the referendum of April 2004 seemed to be the best ever chance for a comprehensive settlement. Potential participation of a federal United Cyprus Republic in the process of European integration could have determined the success of the latest UN initiative. It was for certain the best opportunity to settle the dispute and unite two Cypriot communities within EU framework. However, it did not happen due to an overwhelming Greek Cypriot 'no' expressed in the referendum. 'Yes' of Turkish Cypriots was certainly not enough to implement the plan.

As a consequence, the European Union was forced to acknowledge the results and find a way out of the complicated situation. The Republic of Cyprus joined the EU on 1 May 2004. Although *de iure* the whole Cypriot territory constitutes a part of EU terri-

¹ It should be emphasized that according to Turkish Cypriots, the Cyprus dispute dates back to 1963, namely the actual disintegration of the Republic of Cyprus.

² For more details on the military operation and its consequences see: M. A. Birand, *30 Hot Days*, Nicosia 1985; G. Clerides, *Cyprus: My Deposition*, Vol. 4, Nicosia 1992; V. Coufoudakis, *Cyprus and International Politics*, Nicosia 2007; C. Hitchens, *Hostage to History: Cyprus from the Ottomans to Kissinger*, London 2002; S. Ismail, *Cyprus Peace Operation: Reasons – Development – Consequences*, Nicosia 2000; F. Mirbagheri, *Cyprus and International Peacemaking*, London 1998; P. Osiewicz, *Pokojowa regulacja kwestii cypryjskiej*, Toruń 2008; O. P. Richmond, *Mediating in Cyprus: The Cypriot Communities and the United Nations*, London 1998.

tory, implementation of the *acquis* has been suspended in the northern part of the island dominated by Turkish Cypriots. It is a result of the unsettled Cyprus question as well as the Turkish Cypriot unilateral declaration of independence. So far only Turkey has officially recognized a political entity proclaimed by them in 1983, namely the Turkish Republic of Northern Cyprus. As regards that, the EEC/EU has condemned unilateral proclamation of the Turkish Cypriot state since then.

The most important question is whether EU policy towards Turkish Cypriots has undergone any important modifications since the failure of the so-called Annan Plan in April 2004. Turkish Cypriot 'Yes' expressed in the referendum of 2004 forced the EU to modify its policy towards this community. Therefore the main aim of this article is to identify change or continuity within EU policy towards Turkish Cypriots. A comparative approach based on an analysis of the EEC/EU official documents published before and after April 2004 meets best the criterion.

I. The EEC/EU and Its Policy Towards TC before 2004: Legal Basis and Practice

Cyprus became independent on 16 August 1960. According to the Constitution of the Republic of Cyprus of 1960, "the Greek Community comprises all citizens of the Republic who are of Greek origin and whose mother tongue is Greek or who share the Greek cultural traditions or who are members of the Greek-Orthodox Church" and "the Turkish community comprises all citizens of the Republic who are of Turkish origin and whose mother tongue is Turkish or who share the Turkish cultural traditions or who are Moslems."³ In the same year the census was conducted. The Department of Statistics and Research reported on its findings – the island's population was 573,566 people, 442,138 (77.1%) of whom were Greek Cypriots and 104,320 (18.2%) Turkish Cypriots.⁴

The new state faced political unrest from the very beginning. None of two Cypriot communities was satisfied with constitutional provisions and therefore both intended to revise the constitution. Amendments proposed by then President Makarios in November 1963, often referred to as 'The 13 Points,' led to intercommunal violence. As a result, representatives of Turkish Cypriots resigned from all political functions what amounted to *de facto* disintegration of the Republic. For this reason Turkish Cypriots claim that the Cyprus question dates back to the 1963 events.⁵

³ *Draft Constitution of the Republic of Cyprus*, "Journal of Cyprus Studies" 1999, Vol. 14/15. More on the 1960 treaties: *The 1960 Treaties on Cyprus and Selected Subsequent Acts*, N. D. Macris (ed.), Mannheim 2003.

⁴ *Report of 27 April 1992 on the Demographic Structure of the Cypriot Communities For Parliamentary Assembly of the Council of Europe*, Nicosia 2000, p. 17.

⁵ Selected words of former Turkish Cypriot leader Rauf Denktaş convey this opinion best: "Over the years, Greek Cypriots have based their arguments on the false allegation that Turkish Cypriots revolted against the government in 1963. Consequently Greek Cypriots hastened to declare the Constitution 'dead and buried,' thus abrogating all the constitutional and human rights of Turkish Cypriots, merely offering them their co-partners minority rights in a Greek Cypriot Republic. They trampled on and amended those parts of the Constitution which suited their criminal interests, relying on the irrelevant principle of the doctrine of necessity. Constitutionally they had no warrant to amend the Consti-

The first documents of the European Economic Community related to the Cyprus question were published in the 1970's. Then it was a completely external affair as none of directly involved countries belonged to EEC. Although Greece, the Republic of Cyprus and Turkey were associated with the EEC at that time, the Community was not determined to solve the problem at any price and restricted itself to recommendations and resolutions. In practice the EEC did not attempt to engage in political activity of the United Nations, the United Kingdom or the United States, however, it supported all initiatives leading to a comprehensive and lasting solution.

The EEC maintained relations with representatives of both sides or at least declared such intention. There are a few documents which prove such claim, for example, Resolution of 4 July 1973 on cooperation and contacts between the European Parliament and the House of Representatives of Cyprus. The European Parliament, welcoming the entry into force of the Agreement of Association between the Republic of Cyprus and the EEC, underlined need for closer parliamentary cooperation with the Cypriot House of Representatives. According to paragraph 3, members of the Parliament proposed that "the delegation of the House of Representatives of Cyprus shall consist of seven members, of whom five shall represent the Greek Cypriot community and two the Turkish Cypriot Community."⁶

This way the European Parliament tried to avoid the situation in which the whole Cypriot delegation would have consisted only of Greek Cypriots. It should be emphasized that representatives of Turkish Cypriots had been boycotting works of the House of Representatives and other political institutions since 1963.⁷ As a result, the Turkish Cypriot community was not represented in the parliament and Greek Cypriots could have taken the advantage of the situation. However, the European Parliament did not intend to let Turkish Cypriots block potential parliamentary cooperation in the future and that is why paragraph 7 was inserted into the resolution. It read as follows: "The above arrangements shall be implemented as from 1 November 1973, should a constitutional agreement be reached between the Greek Cypriot and Turkish Cypriot communities. In the event that such an agreement is not reached before that date the question of parliamentary contacts shall be reviewed by the European Parliament and the House of Representatives of Cyprus at that time with a view to implementing informal arrangements as early as possible equivalent to those detailed above."⁸ As there was no progress in bilateral talks at that time, the EEC introduced a substitute solution which enabled it to maintain relations only with a group of Cypriot parliamentarians dominated by Greek Cypriot MP's.

tution in the absence from parliament of Turkish Cypriot members." See: R. R. Denktas, *The Cyprus Problem: What It Is – How Can It Be Solved?*, Nicosia 2004, p. 9.

⁶ Resolution of 4 July 1973 on Cooperation and Contacts between the European Parliament and the House of Representatives of Cyprus, in: *European Stand on the Cyprus Problem. Resolutions Adopted by the European Union and the Parliamentary Assembly and the Committee of Ministers of the Council of Europe*, Nicosia 2003, p. 8.

⁷ Z. Stavrinides, *The Cyprus Conflict: National Identity and Statehood*, Nicosia 1999, p. 5.

⁸ Resolution of 4 July 1973 on Cooperation and Contacts between the European Parliament and the House of Representatives of Cyprus, op. cit.

The situation underwent a significant change after the events of 1974. An unsuccessful Greek *coup d'état* gave Turkey an opportunity to intervene in the name of protection of Turkish Cypriots. Formal and legal evaluation of the Turkish military operation still stirs up controversies on both sides, however, the EEC representatives did not express any doubts about its real aim and condemned it from the very beginning. On 24 April 1975 the Joint Parliamentary Committee of the EEC-Turkey Association adopted a resolution dedicated among others to the Cyprus question. The Community reiterated its support “for any just and lasting solution to the Cyprus problem based on the recognition of a sovereign, independent state and on the equality of rights of the island’s two communities.”⁹ This way the EEC criticized Turkey and Turkish Cypriots for continuation of military occupation as well as for actual and legal actions which they had taken since August 1974 especially unilateral proclamation of the Turkish Federative State of Cyprus of February 1975.¹⁰ However, it should be underlined that in 1975 the EEC considered Turkey as the side representing Turkish Cypriots.

Although according to Turkish Cypriots the declaration was not equal to proclamation of independence, it was condemned by international community. Some analysts claimed that it was the first step towards independence and creation of a separate Turkish Cypriot state in northern part of Cyprus.¹¹ However, it became a fact eight years later after fruitless negotiations under the auspices of the United Nations. The Turkish Cypriot side did not suppress the truth that lack of progress during the negotiations would result in a formal declaration of independence in order to secure its vital interests, namely security and steady development. For this reason on 15 November 1983 the Turkish Cypriot National Assembly officially declared independence and proclamation of the Turkish Cypriot state under the name the Turkish Republic of Northern Cyprus (TRNC).¹² The European Parliament followed the UN Security Council and its reaction was quick and firm. In the resolution of 17 November 1983 the EP called on “all the parties concerned to support the initiative of the UN Secretary General” and invited “the Council of Ministers to take all the necessary measures so that this action by the Turkish Cypriot sector remains null and void.”¹³ In practice such reaction was amounted to informal isolation of the new political entity on Cyprus. Thanks to that EEC member states did not intend to maintain any political or economic relations with the TRNC.

As regards the informal isolation, the following years appeared to be very difficult for Turkish Cypriots. They were completely dependent on financial aid from Turkey,

⁹ *Resolution of 24 April 1975 on the Recommendations of the Joint Parliamentary Committee of the EEC-Turkey Association Adopted in Copenhagen on 24 April 1975*, in: *European Stand on the Cyprus Problem...*

¹⁰ J. Reddaway, *Burdened with Cyprus: The British Connection*, Nicosia 2001, p. 182.

¹¹ See: C. Palley, *An International Relations Debacle: the UN Secretary-General's Mission of Good Offices in Cyprus 1999–2004*, Portland 2005, pp. 44–45; A. Theophanous, *Cyprus, the European Union and the Search for a New Constitution*, in: K. Fouskas, H. A. Richter (eds.), *Cyprus and Europe: the Long Way Back*, Mannheim–Mölnsee 2003, p. 143.

¹² See: *North Cyprus: Almanack*, Nicosia 1987, pp. 1–51.

¹³ *Resolution of the European Parliament of 17 November 1983 on the 'Declaration of Independence' by the Turkish Cypriot sector of Cyprus*, in: *European Stand on the Cyprus Problem...*, p. 34.

however, they managed to maintain very limited trade relations with a few EEC countries especially the United Kingdom. Unfortunately, it ended when the European Court of Justice “found for the plaintiff and so, from 1994, virtually all direct trade between north Cyprus and its natural market in the EU ceased. This was known to Turkish Cypriots as ‘the embargo’ and was treated as if the European Union had imposed sanctions on the TRNC.”¹⁴ It should be noted that in the case of trade almost nothing has changed for Turkish Cypriots since 1994 and they are still forced to face the same problems due to the lack of international recognition.

In the 80’s and the 90’s the European Parliament tended to criticize Turkish Cypriot leader Rauf Denктаş for lack of progress during bilateral talks or dialogue under the auspices of the United Nations. In the resolution of 15 March 1990 members of the EP expressed a strong conviction that “the overwhelming majority of both Turkish and Greek Cypriots desire a peaceful and united Cyprus which guarantees the political, civil and human rights to ALL Cypriots”¹⁵. In the same document the EP condemned the actions of Rauf Denктаş and underlined that it did not identified them with the Turkish Cypriot community: “Condemning the actions of Mr. Denктаş to attempt to alter the Secretary General’s mandate which led to the collapse of the UN initiative of Wednesday 28 February; Believing that the vast majority of Turkish Cypriots also deplore the spoiling tactics of Mr. Denктаş [...]”¹⁶ Nowadays it is clear that the EEC adopted such a new policy towards Turkish Cypriots in order to support the opposition. European politicians tended to conceive Rauf Denктаş as the main obstacle on the way to a rapprochement between Greek Cypriots and Turkish Cypriots. Any negative stances could have discouraged members of the Turkish Cypriot community from opposing the official policy of their top representatives. For obvious reasons, Rauf Denктаş was trying to strengthen his political position thanks to external threats or external political pressure. Any declarations similar to those of the EP did not fit such tactics.

On 4 July 1990 the Republic of Cyprus submitted its application for membership of the EEC. Although there was no agreement among EEC member states whether the divided island should join the Community, participation in European integration was presented as an important measure to reunite two Cypriot communities. Membership in return for a comprehensive solution seemed to be the best option at that time. Therefore the European Commission, in its opinion on the application by the Republic of Cyprus for membership of 30 June 1993, clearly stated that “the result of Cyprus’s accession to the Community would be increased security and prosperity and that it would help bring the two communities on the island closer together.”¹⁷ On these grounds Turkish Cypriots together with Greek Cypriots were to participate in European integration and derive benefits of it, although in practice the application was submitted only by Greek Cypriots, namely the government of the Republic of Cyprus. The perspective of the end of

¹⁴ D. Hannay, *Cyprus: The Search for a Solution*, London 2005, pp. 234–235.

¹⁵ *Resolution of the European Parliament of 15 March 1990 on the Current Cyprus Situation*, in: *The Cyprus Question*, Nicosia 2003, p. 127.

¹⁶ *Ibidem*.

¹⁷ *Commission Opinion on the Application by the Republic of Cyprus for Membership of 30 June 1993*, in: *European Stand on the Cyprus Problem...*

economic and political isolation of North Cyprus within the European Union was also aimed at Rauf Denktaş who opposed such a plan or, more precisely, any EU-Cyprus accession talks based on the Greek Cypriot application of 4 July 1990. According to the Turkish Cypriot leader, the Greek Cypriot priority was membership of the EU and not a solution of the Cyprus question based on a bi-zonal and bi-communal federal state. He believed that after the accession Greek Cypriots were to take full advantage of EU membership to weaken the Turkish Cypriot position or even banish them from the island: “No one can drag us by force of arms into the EU. We are not going to enter without our status and a divided Cyprus will enter with all its problems. Greek Cypriots will start immediately saying that Turkey is now in occupation of an EU territory, therefore help me, as the government of Cyprus which you have recognized for so long to eject Turkey from Cyprus, to send back my refugees to their own properties, therefore to uproot Turkish Cypriots for the fourth time in 40 years. This will be a continuous problem for the EU.”¹⁸ For this reason Rauf Denktaş was rejecting any invitations to join up representatives of Turkish Cypriots with the official Cypriot negotiation team during the accession talks.

On 6 March 1995 the General Affairs Council reconsidered the Cypriot application for membership of the EU. Pauline Green pointed out that “this meeting was also important because it articulated the case for the support that the EU would have available for the economy of the north of the island, and was explicit that this would be for the Turkish Cypriots community. The Council was clear that the Turkish Cypriot community needed to understand the full advantages available to it upon EU accession more clearly, and went on to urge the other institutions of the EU to improve and increase their links with the Turkish Cypriot community.”¹⁹ Intentions of the EU were clear, yet its message could not reach Turkish Cypriots due to the informal isolation. As the Turkish Cypriot community had only limited access to news on European integration, the governmental interpretation of various EU issues was the only source of information. Obviously, the official interpretation was not pro-European and therefore the Turkish Cypriot authorities did not welcome any EU attempt to persuade Turkish Cypriots of advantages related to EU membership.

Because any bilateral agreement was unlikely to be reached as long as Rauf Denktaş was in office, the EU decided to increase political as well as financial support for the Turkish Cypriot opposition political parties. It became obvious that there would be no progress in the frame of bilateral talks as long as Rauf Denktaş was in power in North Cyprus. The final decision was made during spring 2003 after the Turkish Cypriot leader had rejected another version of the Annan plan and had decided to end talks under the auspices of the UN. In spite of that, Cyprus was to join the EU on 1 May 2004 and such step meant that the *de facto* divided island would join the EU – a scenario which was the least desirable among EU member states. On account of these developments, in May 2003 “the EU proposed a package of measures to aid the Turkish Cypri-

¹⁸ R. R. Denktaş, *Legal Aspects of the Cyprus Problem: Speech Delivered by H. E. Rauf Denktaş President of the Turkish Republic of Northern Cyprus, Strasbourg 23 April 2002*, Ankara 2005, pp. 19–20.

¹⁹ P. Green, *Embracing Cyprus: the Path to Unity in the New Europe*, London 2003, p. 166.

ots. It promised 12 million euros.”²⁰ This way the EU intended to bypass the Turkish Cypriot government and to transfer the money directly into accounts of three municipalities, namely Nicosia, Famagusta and Kyrenia. “It served to boost the reputation and popularity of the newly elected left-wing mayors of those three major municipalities. The impact of these resources on their popularity was expected to have its effect on the fortunes of the left-wing political parties in the important December 2003 parliamentary elections.”²¹ The Republican Turkish Party (CTP) of Mehmet Ali Talat was to become the main beneficiary of the new EU approach, although the Turkish Cypriot government did its best to block the controversial financial aid which it called even a bribery. After Mehmet Ali Talat had been elected as a new prime minister, participation of Turkish Cypriots in European integration from 1 May 2004 became more probable.

Notwithstanding the results of the December 2003 elections, EU politicians knew that the key to solution was to convince the Turkish government. Turkey supported the EU in its actions aiming at the change of government in North Cyprus. The position of the new government, dominated by AKP, was decisive. Lack of mutual understanding and trust between the new government and Rauf Denktaş resulted in a significant political change on the island. Unquestionably no Turkish Cypriot leader could remain in power without the unconditional support of Turkey.

In 2002 it became obvious that the Cyprus question could be the main obstacle on the Turkish way to EU membership and could delay the opening of accession negotiations. For this reason Turkey cooperated with the United Nations as well as the European Union to settle the dispute in April 2004. The final version of the Annan plan, which had been compiled in Bürgenstock in the end of March, was to be accepted in simultaneous referenda by members of both Cypriot communities.²² Both Greek Cypriots and Turkish Cypriots had an opportunity to decide directly about their future for the first time in history. Top EU politicians and UN officers were convinced that Cypriots intended to take advantage of the situation. Nevertheless, the outcome of the referenda of 24 April 2004 dispelled their illusions.

II. After the Failure of the Annan Plan: Upgrading Relations with TC?

Surprisingly Greek Cypriots were those who decided to turn down the proposal and this way they left Turkish Cypriots outside the European Union. 75.83 per cent of Greek Cypriots rejected the Annan Plan while 64.91 per cent of Turkish Cypriots voted in favour of the agreement.²³ The European Union was forced to accept new political circumstances on the island.

Although Turkish Cypriots could not be blamed for the fiasco of the Annan Plan, the European Union have not considered any form of recognition of the TRNC. Thus its of-

²⁰ C. Dodd, *Disaccord on Cyprus: the UN Plan and After*, Huntingdon 2004, p. 32.

²¹ *Ibidem*, pp. 32–33.

²² For more details and comments about the final version of the Annan Plan see: T. Potier, *A Functional Cyprus Settlement: the Constitutional Dimension*, Ruhpolding 2007.

²³ J. Ker-Lindsay, *EU Accession and UN Peacemaking in Cyprus*, Basingstoke 2005, p. 110.

ficial position concerning the Cyprus question remains unchanged. Some EU politicians as well as the Commission openly supported Turkish Cypriots and called to lift embargoes in return for their conciliatory gesture, however, those declarations did not lead to any political steps. Here are a few examples:

- UK Foreign Secretary Jack Straw: “I am glad that the Turkish Cypriot community has voted so clearly for the settlement. I understand very well their wish to end their isolation in the world. [...] I want them to know that this remains our goal too, and that we will continue to work for its ultimate realisation;”²⁴
- the European Commission’s statement of 24 April 2004: “A unique opportunity to bring about a solution to the long-lasting Cyprus issue has been missed. The European Commission would like to warmly congratulate Turkish Cypriots for their ‘Yes’ vote. This signals a clear desire of the community to resolve the island’s problem. The Commission is ready to consider ways of further promoting economic development of the northern part of Cyprus;”²⁵
- EU’s Commissioner for Enlargement Günter Verheugen: “What we will seriously consider now is finding a way to end the economic isolation of Turkish Cypriots.”²⁶

Nevertheless, one can observe some significant changes in bilateral relations between the EU and the Turkish Cypriot community. Top EU politicians or representatives of EU member states have been meeting Turkish Cypriot representatives in North Cyprus since April 2004. Among them were European socialist MP’s (February 2005), EU Enlargement Commissioner Olli Rehn (May 2005), Foreign Minister of Luxembourg Nicholas Schmit (May 2005), President of the European Parliament Josep Borell (October 2005), and British Foreign Secretary Jack Straw (January 2006).

Undoubtedly, such meetings in North Cyprus would have been impossible before the referenda. Besides, in 2005 the Commission’s Directorate General for Enlargement has created a special unit for the Turkish Cypriot community called the Task Force Turkish Cypriot community and headed by Leopold Maurer.²⁷

The fiasco of the Annan Plan was the last thing the EU needed even though it was well prepared for such a scenario. According to Protocol 10 article 1 of the Treaty of Accession of 16 March 2003, “the application of the *acquis* shall be suspended in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control.”²⁸ At the same time the parties agreed that “nothing in this Protocol shall preclude measures with a view to promoting the economic development of the areas referred to in Article 1.”²⁹ This way the European Union can provide Turkish Cypriots with financial assistance after the fiasco of the Annan Plan.

²⁴ BBC, 24 April 2004.

²⁵ *Commission Statement Following the Outcome of the Referendum in Cyprus*, IP/04/537, 26.04.2004.

²⁶ I. Black, H. Smith, *EU to Reward Turkish Cypriots*, “The Guardian,” 26 April 2004.

²⁷ *The Commission Sets Up Special Unit for Turkish Cypriots*, “Kıbrıs,” February 2005.

²⁸ *Protocol 10 to the Treaty of Accession of 16 March 2003*; http://ec.europa.eu/enlargement/archives/pdf/enlargement_process/future_prospects/negotiations/eu10_bulgaria_romania/treaty_2003/en/aa00042_re03_en.pdf (28.06.2006).

²⁹ *Ibidem*.

When the Republic of Cyprus joined the EU on 1 May 2004, the whole Cypriot territory became *de iure* EU territory, however, the application of the *acquis* was suspended in its northern part. Ironically, Turkish Cypriots became EU citizens who in practice were left outside the EU.³⁰ Moreover, presence of Greek Cypriot representatives in all EU institutions upset the balance of power on the island. Thanks to that the Greek Cypriot community can put pressure on Turkey and Turkish Cypriots in the frame of EU external relations. As a consequence, the European Union is not impartial in case of the Cyprus question anymore. Even though the Community always supported the Greek Cypriot side, it did its best to remain neutral at least in theory. Such attitude to the Cyprus dispute is not possible any longer as one of the parties is an EU member and has its representatives in EU institutions.

On 29 April 2004 the Council of the European Union adopted regulation No 866/2004 on a regime under article 2 of Protocol 10 to the Act of Accession.³¹ The Council stated in point 2 that “the application of the *acquis* upon accession has therefore been suspended pursuant to article 1 of Protocol 10, in the areas of the Republic of Cyprus in which the government of the Republic of Cyprus does not exercise effective control.”³² At the same time the Council confirmed in point 5 that “article 3 of Protocol 10 explicitly states that measures promoting economic development in the abovementioned areas are not precluded by the suspension of the *acquis*. This regulation is to facilitate trade and other links between the abovementioned areas and those areas in which the Government of the Republic of Cyprus exercises effective control, whilst ensuring that appropriate standards of protection are maintained as set out above.”³³ Since then the European Union has continued political isolation of northern part of Cyprus, but not in economic terms. It supports economic development of the Turkish Cypriot community in order to make up differences in economic growth on both sides of the Green Line.

On the basis of Protocol 10, the EU decided to provide the Turkish Cypriot community with financial assistance. Some analysts claimed that it was a kind of reward for Turkish Cypriots, because they backed the Annan Plan. As a matter of fact, the funds were earmarked for the northern part of Cyprus in the event of a settlement. On 26 April 2004 the Council recommended that these funds should be used to put an end to the isolation of the Turkish Cypriot community. In the budget of 2005 the Commission allocated almost 27 million euro to Turkish Cypriots within the pre-accession strategy.³⁴

³⁰ According to the Turkish Cypriot Public Relations Department, the *de iure* population of North Cyprus is 256,644 people and is predominantly Turkish Cypriot. See: *Facts About Turkish Republic of Northern Cyprus*, Nicosia 2007, p. 4. However, the Greek Cypriot authorities claim that Turkish Cypriot population is much smaller, namely 110,200 people (only 12,9 per cent of all inhabitants on the island). The rest are Turkish immigrants whom Greek Cypriot authorities often label as ‘illegal Turkish settlers’. See: *About Cyprus*, Nicosia 2007, p. 8. Similar data were published in the Harenberg lexicon of 2008 – 78 per cent of the population was Greek Cypriot and 12,3 per cent Turkish Cypriot. See: *Harenberg Aktuell 2008: Das Jahrbuch*, Mannheim 2007, p. 728.

³¹ This document is commonly referred to as the Green Line Regulation.

³² *The Council Regulation (EC) No 866/2004 of 29 April 2004 on a Regime Under Article 2 of Protocol 10 to the Act of Accession*, OJ L 161, 30.04.2004.

³³ *Ibidem*.

³⁴ *General Budget of the European Union for the Financial Year 2005*, Luxembourg 2005, p. 7.

The financial assistance for Turkish Cypriots was blocked for a long time by the Greek Cypriot side. Officially it claimed that these funds could strengthen the position of the unrecognized Turkish Cypriot authorities. It took almost two years to break the deadlock. On 27 February 2006 the Council adopted regulation No 389 (2006) establishing an instrument of financial support for encouraging the economic development of the Turkish Cypriot community. The overall objective of the regulation is that the Community “shall provide assistance to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community with particular emphasis on the economic integration of the island, on improving contacts between the two communities and with the EU, and on preparation on the *acquis communautaire*.”³⁵

Other main objectives of the assistance are:

- the promotion of social and economic development;
- the development and restructuring of infrastructure;
- reconciliation, confidence building measures and support to civil society;
- bringing the Turkish Cypriot community closer to the Union;
- preparation of legal texts aligned with the *acquis*;
- preparation for implementation of the *acquis*.³⁶

As regards the administration of the financial assistance, the Commission is responsible for this task. In total 259 million euro was allocated for the programme which is to be implemented over five years. “Up to July 2008, contracts have been signed for about 20 per cent of the 259 million available. It is expected that contracts will be signed for the rest by the end of 2009. Most of the contracts should be completed by the end of 2011.”³⁷

The financial assistance is a very interesting example how the European Union can support preparations for future reunification. Undoubtedly, money invested in the economic development of the Turkish Cypriot community is money well invested. This way the EU can restrain the widening economic gap between both Cypriot communities in order to avoid, for example, the situation observed in Germany after the reunification in 1990.

Moreover, after April 2004 the European Union also presented proposals on special conditions for trade with those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. The Commission presented a proposal for such a Council regulation on 7 July 2004. Article 1 read as follows: “Products that, within the meaning of Articles 23 and 24 of Council regulation No 2913/92, originate in the Areas and are transported directly there from, may be released for free circulation into the customs territory of the Community with exemption from customs duties and charges having equivalent effect within the limits of annual tariff quotas fixed in accordance with Article 4, provided that they are accompanied by

³⁵ *Council Regulation (EC) No 389/2006 of 27 February 2006 Establishing an Instrument of Financial Support for Encouraging the Economic Development of the Turkish Cypriot Community and Amending Council Regulation (EC) No 2667/2000 on the European Agency for Reconstruction.*

³⁶ *Ibidem.*

³⁷ *Turkish Cypriot community*, http://ec.europa.eu/enlargement/turkish_cypriot_community/index_en.htm (30.07.2008).

the document referred to in Article 2(2) and provided that they are not eligible for export refunds or intervention measures. This is without prejudice to indirect taxes due on importation.”³⁸ Besides, the Commission suggested opening of Turkish Cypriot ports and airports which have been closed to direct international trade and travel since 1974. Undoubtedly, if such a regulation was adopted by the Council, it would amount to the end of economic isolation of northern Cyprus. Although it has not been adopted yet due to the Greek Cypriot backlash and nothing indicates that this situation will change in the nearest future, the Commission proposal should be judged an example of good will and a reward for Turkish Cypriots.

Conclusions

The attitude of the European Union towards Turkish Cypriots has undergone some significant changes since April 2004, however, those changes have not influenced its position on the Cyprus question. The European Union has not recognized the Turkish Cypriot state and it does not intend to do that in the future. It remains one of the main principles within integration policy conceptual framework. For that reason the EU maintains official relations only with the Republic of Cyprus and prefers a comprehensive solution based on a bi-zonal and bi-communal federation.

The main changes within the EU’s attitude towards Turkish Cypriots can be divided into two groups. The political group includes direct meetings between top EU and Turkish Cypriot representatives even in the Turkish Cypriot controlled part of the island. Such steps would have been impossible before the referenda, because they might have been interpreted as *de facto* recognition of the Turkish Republic of Northern Cyprus. Besides, influential politicians from various EU member states often declare support for Turkish Cypriots and emphasize their potential constructive role in European integration. Probably this way the EU intends to make certain that the Turkish Cypriot community will also opt for a federal solution in the future.

As regards economic changes, the most significant one is the financial assistance to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community. So far the EU has allocated more than 259 million euro for this purpose. Moreover, the EU presented proposals on special conditions for trade with those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control. So far these proposals have been blocked by Greek Cypriots. Nevertheless, once they are adopted, they will amount to the end of economic isolation of Turkish Cypriots.

The most important question is whether all above changes will help to solve the Cyprus dispute in the nearest future. According to David Hannay, “much will depend on the prospects for Turkish accession to the EU. If Turkey’s candidature prospers, and so the reality of Turkish accession comes closer, a solution to the Cyprus problem will be-

³⁸ Proposal for a Council Regulation on Special Conditions for Trade with Those Areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control, Brussels 7.07.2004, COM(2004) 466 final.

come a necessity; and it is difficult to see any solution straying far away from the Annan Plan which has been so widely endorsed.”³⁹ Undoubtedly, the European Union will support any comprehensive settlement of the Cyprus dispute if it enables Turkish Cypriots to take an active part in European integration. The Cyprus question is constructive neither for both Cypriot communities nor for the European Union.

³⁹ D. Hannay, *Cyprus: The Search for a...*, p. 246.