

Zentrum für Europäische Integrationsforschung
Center for European Integration Studies
Rheinische Friedrich Wilhelms-Universität Bonn



Ioannis Kasoulides

Cyprus and its Accession to the European Union

Discussion Paper

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Dr. Ioannis Kasoulides, born 1948, is Minister of Foreign Affairs of the Republic of Cyprus since 1997. He received his degree in medicine at the University of Lyon. He served the Democratic Rally in various posts, from 1990 until 1993 as President of the Youth of the Democratic Rally Party (NEDISY). In the Parliamentary elections of 1991 he was elected Member of the House of Representatives in the Nicosia constituency and served as Deputy President of the Parliamentary Health Committee and as member of the Committees of Finance and Budget and Education. From 1993-1997 he was Government Spokesman.

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The issue of accession is one of the most important foreign policy issues for us, because, similarly with the other candidates from Central and Eastern Europe, Cyprus aspires to find its proper role in Europe and to secure a better future for its people within the framework of the European Union.

The success of Cyprus' quest for full integration in the EU will be a historic development which will allow our small country to realise its full potential in the ever-evolving European construction, on the threshold of the third millennium.

I have chosen as a starting point to emphasise the future. It certainly looks promising for Cyprus, as a prospective member state of the Union.

But how is this common future being shaped on the Continent itself ?

As a uniquely successful venture in the history of mankind, the European Union finds itself at a very important crossroad, necessitating new approaches both in terms of its institutional structures and the ambit of its policies. At the same time, it has already embarked on its fifth enlargement, opening its doors to European countries who share the same ideals, political principles and aspirations with the fifteen member states.

The Union seeks to assert its own stake in the future of the European Continent, aiming, also through economic and monetary union, at creating those conditions which will guarantee a stable and secure environment

that will nurture cohesive and sustainable development and political and social progress.

This integrative and integrating drive has ever more new dimensions and implications for candidate and partner countries as well. The inclusion of Justice and Home Affairs issues into the Community competencies, under the Treaty of Amsterdam, coupled with the goals of the European Conference and the Euro-Mediterranean Partnership are concrete indications of the desire to institutionalise and strengthen both supranational and intergovernmental co-operation in an ever-expanding area, which at the present stage embraces both the central and eastern parts of the European Continent and the entire Mediterranean basin.

As one of six candidate countries which began negotiations for accession in March 1998, Cyprus faces on the one hand the challenge of complying fully with the demands of the *acquis communautaire*, while at the same time it braces itself for a pivotal role in the Union's plans in the Eastern Mediterranean.

I propose therefore to dwell on three particular themes:

First: Why should Cyprus accede to the Union?

Second: What are the potential benefits from Cyprus' accession in the political and economic fields?

Third: How we propose to proceed, bearing in mind both the constraints of the present situation and the existing opportunities.

A great part of the reasoning for seeking accession to the Communities is evidently common from previous enlargements as in becoming a part of a broader, politically stable and responsive group of countries, who have managed through the Institutions and the policies of the Communities to create a very dynamic presence on the global stage and are slowly but steadily asserting their unique collective political identity.

In what is now the Union there is strong emphasis on the social dimensions of the European construction, including the Social Charter, the con-

cept of European Citizenship, education, employment and environmental protection. Equally if not more important are the strong emphasis on the rule of law and respect for human rights that the Union places in its relations to third countries.

It is naturally very difficult to be on the periphery of this dynamic grouping of states and to resist the strong attractions of membership. For Cyprus in particular, the application for membership stems historically and culturally from its being at the very fount of European civilisation for over 3000 years. It is a natural progression of its long association and trade relations with the European Communities and the pragmatic needs of a small, open and dynamic economy in an era of globalisation and complex interdependence. Yet, as I will explain in more detail later, the supreme considerations for seeking accession are of a political nature.

I will now turn to my second theme, namely the arguments in favour of Cyprus' accession. We believe that such a development would positively contribute to achieving both the specific and broader objectives of the Union: Extending enlargement to the Mediterranean is not simply a balancing move vis à vis enlargement to Central and Eastern Europe. It is a necessity dictated by the policy options already decided on and applied by the Union, aiming at consolidating peace and stability, by extending the policy frontiers far beyond the current physical borders of the Union.

Like the other candidates for accession, Cyprus aspires to find its proper role and place in this overarching European enterprise, which has both political and geostrategic dimensions. The geographic location of Cyprus at the cross-roads of three continents presents numerous opportunities for what the Union wants to achieve in the Eastern Mediterranean region and beyond.

As a prospective EU member-state, Cyprus has every potential to become an economic, political and cultural gateway to the Middle East, an area presenting various challenges in terms of peace and stability, also very vital for the Union, in terms of trade flows and energy supplies.

In this potential role, Cyprus presents a very attractive prospect if its present capabilities and advantages are considered: Apart from free market economy, liberal democratic status, and its secure legal environment, Cyprus has excellent relations with its neighbours, with the Arab countries and Israel, making it a reliable partner for all types of activities throughout the region. In the same way as our business partners from Europe, our neighbours find in Cyprus the proper environment for business and other activities, exploiting modern infrastructure and facilities in terms of travel, maritime and air transport and telecommunications.

Firmly believing in the building of bridges of co-operation and understanding between Europe and the Mediterranean basin, we have invested great faith and efforts in the Euro-Mediterranean partnership. For, in its three main chapters, namely security and stability, economic and industrial co-operation and cultural and human affairs, we have all the more reasons to share the Union's vision of a truly stable and peaceful Mediterranean region, more especially so, in its eastern part and the Middle East.

For Cyprus, accession would mean its becoming a steady anchor for what the Union wishes to achieve. It would also mean the natural culmination of a long-standing relationship, extending institutionally, back to 1972, with the signing of our Association Agreement with the then European Community.

A synopsis of the evolution of our bilateral relations ever since points to continuous important developments such as the Customs Union Protocol of 1987, the application for membership in July 1990 and the favourable response in June 1993, as well as the Council decisions to involve Cyprus in the next round of enlargement, the opening of enlargement negotiations in March 1998 and the decision of 5 October to commence substantive accession negotiations on 10th November 1998. This latest development brings me to the issue of negotiations and the preparedness of Cyprus to face the challenges that lie ahead.

In the economic and technical field, the progress achieved through the substantive discussions of 1994 and the ensuing structured dialogue has

been remarkable. The task of harmonisation has become an important part of the workload of government and legislative machinery and new concepts and "Euro-speak" have become everyday parlance and favourite terms in the mass media: In the perceptions of the people the prefix "Euro-" has acquired the qualities of incontestable guarantees and everything with a Union connection is treated with greatest seriousness in political discourse. This is but a by product and a reflection of the serious work that has been done and will be intensified at all levels in order to adopt and apply the *acquis communautaire* with as few special arrangements as may be necessary and of the shortest possible duration.

Despite the potential losses and costs, such as those emanating from the adoption of the Common Customs Tariff, our basic aim is to create a strong and competitive economy, able to withstand the impact from trade liberalisation under the GATT Agreement and from full participation in the Union's Single Market.

Economically, Cyprus finds itself in a stage of transition, trying to move away from high production costs and low productivity to new structures and methods which would guarantee efficiency and productivity as the prerequisites of competitiveness, and as the solid bases for a policy aimed at economic and social cohesion throughout Cyprus.

The prospects for the economy look promising, especially considering that Cyprus is emerging as an important centre in the maritime sector and in transit trade. Our policy is to maintain and further promote Cyprus as an international services and business centre, exploiting the comparative advantages of a very sophisticated work pool, the sound business and legal environment, the closeness to the countries of the region and the facilities and connections which will encourage the inflow of investments.

Naturally, as with all international business centres, Cyprus faces the challenge of countering organised crime and especially such phenomena as money laundering. To this end, we are in very close contact and co-operation with various international institutions, the European Commission, the member states of the EU, the United States and the Council of

Europe, aiming to improve even more our satisfactory record and reputation.

The positive results of our efforts in this regard are also reflected in the reports of the World Bank's Financial Action Task Force, in the 1997 and 1998 International Narcotics Strategy Control Report by the U.S. Department of State and in the June 1998 "First Mutual Evaluation Report", by the Select Committee of Experts of the Council of Europe.

Summing up, I would say that Cyprus' accession course is underpinned by its European identity and culture, the smooth functioning of its democratic institutions, the good performance of its economy, the excellent climate for business and its friendly relations with the countries of the region that would justify its potential role as another, very solid bridge between them and the European Union.

Turning now to the potential benefits expected from accession, I would like to stress once more that the overall process is subsumed under our supreme strategic objective, namely to end the division of our country.

The as yet unresolved political problem of Cyprus has to a great extent dictated the positions and political aims of both Cyprus and the Union within the context of their relations. Both wish to see a negotiated settlement to the Cyprus problem and that accession shall be of benefit to the people of Cyprus as a whole, Greek Cypriots and Turkish Cypriots alike and contribute to civil peace and reconciliation.

Towards this vital end, my Government perceives the course of accession to the EU as a very important additional dynamic that could act as a catalyst towards the solution of the Cyprus problem. It remains our firm belief that the realisation of this potential catalyst role presupposes that the course of accession of Cyprus must remain free of any political preconditions or restrictions and proceed unhindered.

Our desire and all our efforts are indeed geared towards a political solution, preferably before the time of accession. President Clerides has repeatedly tried through direct appeal and through the Secretary-General of

the United Nations to start or restart the process of dialogue on the political problem of Cyprus. He has called on the Turkish Cypriot Community and on the Turkish Cypriot leader, Mr. Denktash, to work together in building a common future in our common homeland, learning from the lessons of the past.

In our quest for new avenues towards a better, secure future for Cyprus, we are proceeding on the first lesson from the history of European integration, that co-operation towards a common vision is by far preferable to confrontation and division. We therefore consider accession to the EU as an extremely propitious opportunity for Cyprus and its people, Greek Cypriots and Turkish Cypriots alike, for a common and truly secure future together.

That is indeed why, despite the fact that the occupied part of Cyprus remains one of the most densely militarised parts of the world, and I am quoting here the S-G of the UN, a decision was made not to deploy the S-300 missile system.

It was a conscious choice made by responsible and moderate political leadership, despite its justified fears and security concerns. It was the choice of a reliable and credible future partner of the Union.

We decided, once on track towards EU accession to be unequivocal as to our goals and commitments. With the few means available to us, Cyprus wishes to contribute to the stability that is vital for our very sensitive region, while at the same time contributing towards the overall political goals of the Union, as also expressed through its Common Foreign and Security Policy. In this respect, we are facilitating the Union's policy and strategy for solving the problems of the area. Thus, Cyprus can no longer be considered as a negative factor but as a contributor to the Union's overarching policy in the region.

The most important elements of this policy lie in the conclusions of the European Councils at Luxembourg and Cardiff: For Cyprus, it opened the way for accession negotiations and expressed the wish for Turkish Cyp-

riot participation. For Greece, the road of Turkey's closer relations to the EU is made conditional also to Turkey's co-operation in resolving the issues of the Aegean and Cyprus.

For Turkey, a comprehensive strategy was elaborated and debated in additional proposals from the Commission. It appears that this balanced approach, if accepted by all three countries, would have assured a cohesive C.F.S.P. for south-eastern Europe. In our view, the country mainly responsible for blocking the efforts of the Union for this equitable and balanced approach is Turkey itself. Instead of responding positively to the Union's generous offer, Turkey has hardened its policies towards Cyprus and the Aegean, does not allow the Turkish Cypriots to accept the offer to participate in the accession negotiations, refuses to discuss its record on human rights, and it seems that all it is interested in is only the financial aspects of its relations with the EU.

It can therefore be asked: Where do the interests of the Union lie? In taking Cyprus in as a member or in keeping Cyprus out of its integration process?

We are not tired of repeating and emphasising that all our initiatives and actions are guided by our earnest desire to find a comprehensive and functional solution to the political problem of Cyprus, as early as possible and without any further delay.

We believe that all the elements for a just and lasting solution are on the table, namely the provisions for a bi-communal, bi-zonal federation, with a large degree of autonomy for the Turkish Cypriot Community and with guaranteed respect for its linguistic, religious and cultural identity.

Parallel to that, there is a vision to be shared by all Cypriots within Europe, whose political, economic and social context will be beneficial to both Communities in Cyprus, addressing their fears and concerns and offering opportunities for stability and prosperity for all Cypriots.

There are of course those who are questioning whether it is possible to proceed, given Mr. Denktash's refusal to agree even to the launching of

the application for membership, his insistence on recognition of the illegal by-product of the Turkish invasion as a separate state and the rejection of the invitation of President Clerides to nominate representatives from the Turkish Cypriot Community as full members of the team negotiating the terms of Cyprus' accession to the European Union.

If Turkey were allowed to achieve both its goals, namely the non-solution of the Cyprus problem and the non-accession of Cyprus in the Union, that would mean, *inter alia*, that it will feel entitled to seek from the Union satisfaction of its own demands, without a reciprocal obligation to respond to criteria applicable to all candidate countries.

Furthermore, this would also result in aggravation of the existing problems in the cohesion of the C.F.S.P. as Turkey, feeling permitted to act without constraints, would undoubtedly exacerbate further the tension in its relations with Greece and the present situation within Cyprus itself.

So, how do we propose to proceed, given both the constraints and the opportunities that are there?

It is a paradox, but it is true that the positive elements with which we have to work are related to what Mr. Denktash has so far actually not said. To the best of my knowledge, the T/C Community is not opposed to the idea of accession of Cyprus to the EU. What is even more heartening is the result of a poll that has indicated overwhelming support among the Turkish Cypriot Community for accession to the EU, at a very high level of 94.5%. Though qualified by a wish or desire to see Turkey acceding at the same time as Cyprus and for a prior solution to the political problem, this and other expressions of opinion of the Turkish Cypriots provide room for hope.

Firstly, it is up to the EU to decide when Turkey shall become a member. The Turkish Cypriots could definitely play a role here within a reunified Cyprus.

Second, and most importantly, we agree entirely with our Turkish Cypriot compatriots in their desire for a political solution before accession.

This is indeed what all our efforts are aimed at. The challenge before us is to start talking and proceeding in a spirit of constructive co-operation with a view to a solution before accession.

That is why we propose to engage the two Communities of Cyprus in two parallel processes, respectively aiming at a lasting solution of the political problem under UN auspices and at the full involvement and positive contribution of the Turkish Cypriot Community in the accession negotiations process. All our political energies are devoted towards the hope that these two processes can converge in substance and in time, if possible, before accession.

We earnestly believe that it is possible to convert the desire for EU accession to positive political will of the Turkish Cypriot Community. Within our means, we have tried and shall spare no efforts in persuading our compatriots that the absurdity of the present cease-fire line dividing Cyprus is an anachronism and an affront to human dignity and to common sense, taking into consideration the size of our country both in terms of territory and population, the developments which take place in the European integration process and the common destiny of the Cypriot communities to live together in peace and harmony in their own homeland.

It must not escape the attention of any neutral observer that the Turkish Cypriot Community is also suffering from the illegal occupation of 37% of our country by Turkey. If they were indeed content with their present lot, how can one explain the emigration of over 50,000 Turkish Cypriots from the occupied area since 1975 ?

We have now reached a point where the estimated 88,000 Turkish Cypriots have become a minority in the area under occupation, considerably outnumbered by an estimated 110,000 illegal settlers from mainland Turkey.

For the present, and until the Turkish Cypriot leadership decides to sit around the table, all we can do in our discussions with the European Un-

ion is proceed on the basis of what would be the best scenario for Cyprus and in the interest of all Cypriots.

At the same time, I wish to bring to your attention the proposal by President Clerides, aimed at the demilitarisation of Cyprus, with provision of security by an international force comprised of contingents from European countries, NATO countries and others, operating under mandate of the UN Security Council. Such an arrangement combined with a membership of Cyprus in the E.U. would radically change the present security situation and would bring about an increased sense of security for both communities which in its turn would create the conditions for civil peace and reconciliation on the island.

So far, Turkey's positions with regard to Cyprus' accession vary from a rejection of the internationally established position on the legality of the application for membership to an inextricable linkage with its own accession to the EU, both positions being equally untenable. The European Council has repeatedly called on Turkey to contribute to a political solution in Cyprus, while emphasising at the same time that Turkey's actions and policies in Cyprus are one of the reasons why it cannot be accepted in the growing family of nations making up the European Union.

Based on its own logic and calculations, Turkey feels that it can gain by holding Cyprus hostage to its own strategic designs, despite the fact that a demilitarised Cyprus would not pose any kind of threat to Turkey's security. On the contrary, a solution to the Question of Cyprus would eliminate one of the key obstacles to Turkey's recognised vocation to be a future EU member.

With Turkey being its nearest neighbour, Cyprus has every interest in seeing that country develop economically and socially in a manner where internal peace can be translated into good neighbourly relations, in conformity with internationally accepted standards of behaviour.

Until this goal is realised, Cyprus cannot remain hostage of the Turkish intransigence and its accession to the Union cannot be subjected to a

Turkish veto, if there is no solution of the political problem at the time of the completion of the accession negotiations. We are convinced that the European Union's most effective contribution in the efforts to solve the Question of Cyprus will be the unhindered continuation and successful conclusion of the accession negotiations even if the political problem is not solved.

A persistent and coherent policy of the Union on the accession of Cyprus, preferable with but also even without a solution, is absolutely necessary if we are to overcome the constraints and the difficulties presented by Turkey's refusal to cooperate for a peaceful political settlement.

Indeed, such a firm and unequivocal message cannot but benefit Turkey itself as well, by encouraging and fostering a more forthcoming attitude towards the very positive options and possibilities that lie for Turkey itself in the prospect of a reunified, federal Cyprus in the EU.

For the Union itself, it has been very properly stated that it wishes to see accession of the whole of Cyprus and for the benefit of both Communities. That is indeed identical to our position, for the application concerns the whole of Cyprus and all Cypriots, whether Turkish, Greek, Maronite, Armenian or Latin.

What remains is to accept in no uncertain fashion that Cyprus cannot on its own means ensure that the *acquis* will apply throughout its sovereign territory, with part of it still under illegal military occupation. A firm policy of the Union that would thus help Turkey extricate itself from the imbroglio it has created in Cyprus and would be a significant success for the Union's Common Foreign and Security Policy. It would also add a great deal of credibility to the Union's expressed determination to contribute to peace and stability in the Mediterranean region.

The Question of Cyprus is not just another international problem, it is primarily a European problem, having in mind that Cyprus is a European country and given that two member states (the United Kingdom and Greece) are involved as guarantors of Cyprus' independence together with

Turkey which has a Customs Union with the Union and aspires also to join it as a full member.

This is beside the fact that Cyprus itself is negotiating the terms of its accession to the Union. The argument, therefore, that the EU does not want a divided country to join in order to avoid importing the Cyprus Problem is a fallacy. For, in many of the Union's policies and actions, for example its strategy vis à vis Turkey, the problem of Cyprus and the Greco-Turkish dispute are already on the agenda and affect their outcome and their success.

The political problem, therefore, and Cyprus' accession go at the heart of credibility of avowed principles and ideals and present a paradigm test case for modern international relations, as well as a pointer to the future.

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Zentrum für Europäische Integrationsforschung
Center for European Integration Studies
Rheinische Friedrich-Wilhelms-Universität Bonn

Walter-Flex-Straße 3
D-53113 Bonn
Germany

Tel.: +49-228-73-1880
Fax: +49-228-73-1788
<http://www.zei.de>