THE LIMITS OF EUROPEANISATION AND LIBERAL PEACE IN CYPRUS:
A CRITICAL APPRAISAL OF THE EUROPEAN UNION’S GREEN LINE
REGULATION

A thesis submitted to the University of Manchester for the Degree of Doctor of Philosophy (Ph.D.) in the Faculty of Humanities

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ABSTRACT

This thesis investigates the European Union (EU) effect on the economic activity across the Green Line in the divided Cyprus between 2004 and 2016. The primary focus is on the development and implementation of the EU’s Green Line Regulation (GLR), which regulates and enables such activity from three aspects: movement of goods, services, and persons. In tracing the EU effect, this thesis provides a critical appraisal of the GLR on whether it provides an adequate legal framework for the economic activity in those three aspects and the extent to which it has contributed to the development of economic cooperation between the Turkish Cypriot and Greek Cypriot communities across the divide. The analysis also pays an equal level of attention to the extent to which the EU effect has been mediated by the factors at the domestic level: the roles of legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance.

The investigation of this study is pegged in two academic literatures. The first one is the Europeanisation debate, which concerns with the EU effect in the domestic affairs of countries associated with the EU. This thesis borrows three mechanisms of Europeanisation from this debate in order to test the EU effect on the three aspects of economic activity across the divide in Cyprus: i) institutional compliance, ii) change of domestic opportunity structures, iii) cognitive change. The second academic literature is the liberal peace, which it proposes that greater economic interactions and development of economic interdependence between countries facilitate resolution of their conflicts. The insights from this debate is utilised for conceptualising the EU’s GLR as a liberal peace project. While Europeanisation is portrayed as a ‘process’, liberal peace objectives are seen as the ‘ultimate destination’, which the ‘vehicle’ of the EU’s GLR will drive the island towards it. This thesis argues that the GLR has only achieved a limited success and largely failed to contribute to the development of economic cooperation across the divide in Cyprus. This is mainly because the Europeanisation process have been heavily mediated and negated by the design shortcomings of the GLR as well as the factors at the domestic level, which are inherently linked to the politics of division.

In this context, this thesis aspires to make contribution in both empirical and conceptual terms. The in-depth and critical investigation of the GLR as well as of the economic activity across the divide in Cyprus provides a much-needed contribution to the contemporary politics of Cyprus, which has been largely ignored by the existing academic literature. Additionally, the conceptual framework developed in this thesis allows exploring synergies between the theoretical literatures of Europeanisation and liberal peace and combines them with examination of new empirical evidence. This focus captures insights on how Europeanisation can be used as a ‘tool’ for pursuing liberal peace objectives in contested statehood, beyond what has been researched so far and also provides a blueprint for other similar cases of conflict.
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NOTE ON TERMINOLOGY

This thesis does not engage in the debate over the legality of the self-proclaimed Turkish Republic of the Northern Cyprus and the legitimacy of its governing its institutions. Although ‘legitimacy’ as a concept is referred throughout this thesis, it should be noted that this is the ‘perceived legitimacy’ and not an endorsement. The north Cyprus is the term used in this study to designate the distinction of the Turkish Cypriot political space. For purposes of clarity, domestic public institutions and positions are nonetheless referred here by their ‘official’ names, such as ‘the TRNC Ministry of Foreign Affairs’ and ‘the TRNC Minister of Foreign Affairs’.
# LIST OF ABBREVIATIONS AND ACRONYMS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACTA:</td>
<td>Association of Cyprus Travel Agencies</td>
</tr>
<tr>
<td>AHDR:</td>
<td>Association for Historical Dialogue and Research</td>
</tr>
<tr>
<td>AKP:</td>
<td>Justice and Development Party (Adalet ve Kalkınma Partisi)</td>
</tr>
<tr>
<td>CBM’s:</td>
<td>Confidence building measures</td>
</tr>
<tr>
<td>CCCI:</td>
<td>Cyprus Chamber of Commerce and Industry (Κυπριακό Εμπορικό και Βιομηχανικό Επιμελητήριο)</td>
</tr>
<tr>
<td>CEEC’s:</td>
<td>Central and Eastern European Countries.</td>
</tr>
<tr>
<td>CFSP:</td>
<td>Common Foreign and Security Policy</td>
</tr>
<tr>
<td>CIA:</td>
<td>Central Intelligence Agency</td>
</tr>
<tr>
<td>CNA:</td>
<td>Cyprus News Agency</td>
</tr>
<tr>
<td>COREPER:</td>
<td>Committee of Permanent Representatives</td>
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<tr>
<td>CSDP:</td>
<td>Common Security and Defence Policy</td>
</tr>
<tr>
<td>CTCI:</td>
<td>Cyprus Turkish Chamber of Industry (Kıbrıs Türk Sanayi Odası)</td>
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<td>CTEA:</td>
<td>Cyprus Turkish Electricity Authority (Kıbrıs Türk Elektrik Kurumu)</td>
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<tr>
<td>CTP:</td>
<td>Republican Turkish Party (Cumhuriyetçi Türk Partisi)</td>
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<td>CYP:</td>
<td>Cyprus Pound</td>
</tr>
<tr>
<td>CYSTAT:</td>
<td>The Statistical Service of Cyprus (the RoC’s)</td>
</tr>
<tr>
<td>DEV-İŞ:</td>
<td>Federation of Revolutionary Trade Unions (Devrimci İşçi Sendikaları Federasyonu)</td>
</tr>
<tr>
<td>EC:</td>
<td>European Commission</td>
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<tr>
<td>ECJ:</td>
<td>European Court of Justice</td>
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<tr>
<td>EFEN:</td>
<td>National Sound of Hellenic Spirit Youth</td>
</tr>
<tr>
<td>ELAM:</td>
<td>The National Front</td>
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<tr>
<td>ENP:</td>
<td>European Neighbourhood Policy</td>
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<tr>
<td>EOKA:</td>
<td>National Organisation of Cypriot Fighters (Ethniki Organosis Kyprion Agoniston, Εθνική Οργάνωση Κυπρίων Αγωνιστών)</td>
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<tr>
<td>EU:</td>
<td>European Union</td>
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<tr>
<td>EUCC:</td>
<td>European Union Coordination Office</td>
</tr>
<tr>
<td>EUR:</td>
<td>Euro, The official currency of the European Union</td>
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<tr>
<td>GLR:</td>
<td>Green Line Regulation</td>
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<tr>
<td>KOT:</td>
<td>Cyprus Tourism Organization</td>
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<tr>
<td>KTSAB:</td>
<td>Association of Turkish Cypriot Travel Agencies (Kıbrıs Türk Seyehat Acenteleri Birliği)</td>
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<td>NGO:</td>
<td>Non-governmental organisation</td>
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<tr>
<td>PASYXE:</td>
<td>Cyprus Hotels Association</td>
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<tr>
<td>PEO:</td>
<td>Pan Cyprian Federation of Labour (Pankýpria Omospondia Ergasías, Πανκύπρια Εργατική Ομοσπονδία)</td>
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<tr>
<td>PIO:</td>
<td>Public Information Office (RoC)</td>
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<tr>
<td>PPI-CY:</td>
<td>Peace Players International-Cyprus</td>
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<tr>
<td>RoC:</td>
<td>Republic of Cyprus</td>
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<tr>
<td>SBA:</td>
<td>Sovereign Base Areas</td>
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<tr>
<td>SeeD:</td>
<td>The Centre for Sustainable Peace and Democratic Development</td>
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<tr>
<td>SPO:</td>
<td>State Planning Organization (the TRNC’s)</td>
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<td>STEK:</td>
<td>Cyprus Tourist Enterprises</td>
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<tr>
<td>Acronym</td>
<td>Description</td>
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<tr>
<td>TAIEX</td>
<td>Technical Assistance and Information Exchange instrument of the European Commission</td>
</tr>
<tr>
<td>TCCoC</td>
<td>Turkish Cypriot Chamber of Commerce (<em>Kıbrıs Türk Ticaret Odası</em>)</td>
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<tr>
<td>TKA</td>
<td>Social Insurance Fund (the RoC’s)</td>
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<tr>
<td>TMT</td>
<td>Turkish Defence Organisation (<em>Türk Mukavemet Teşkilati</em>)</td>
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<tr>
<td>TRNC MEE</td>
<td>Turkish Republic of Northern Cyprus Ministry of Economy and Energy</td>
</tr>
<tr>
<td>TRNC</td>
<td>Turkish Republic of Northern Cyprus (<em>Kuzey Kıbrıs Türk Cumhuriyeti</em>)</td>
</tr>
<tr>
<td>UK</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>UN</td>
<td>United Nations</td>
</tr>
<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
</tr>
<tr>
<td>UNFICYP</td>
<td>United Nations Force in Cyprus</td>
</tr>
<tr>
<td>UNSC</td>
<td>United Nations Security Council</td>
</tr>
<tr>
<td>UNSG</td>
<td>United Nations Secretary General</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>USAID</td>
<td>United States Aid for International Development</td>
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<tr>
<td>VAT</td>
<td>Value Added Tax</td>
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CHRONOLOGY OF EVENTS

1571  Beginning of the Ottoman Rule in Cyprus.
1914  Full annexation of Cyprus by the British.
1925  The island becomes crown colony.
1955-1959  Clashes between the Greek-Cypriot led EOKA and British/ Turkish-Cypriots.
1960  Cyprus gains independence as the ‘Republic of Cyprus’. Treaty of Guarantee gives Britain, Greece and Turkey the right to intervene.
1963-1967  Inter-communal clashes/ gradual Turkish-Cypriot retreatment into ethnic enclaves.
1968  Beginning of the inter-communal talks for normalising the relations between the Greek Cypriot and Turkish Cypriot communities.
1967  Turkish Cypriots set up the ‘Turkish-Cypriot Provisional Administration’.
1974  The island has been divided between the Turkish Cypriot controlled north and the Greek Cypriot controlled south.
1975  Turkish Cypriots declared ‘Turkish Federative State of Cyprus’. Rauf Denktaş was the President. The UN denounced it as ‘illegal’.
1977-1979  The UN High level agreements between the Turkish Cypriot and Greek Cypriot leaders has been signed for a federal, bi-communal, non-aligned state as the basis of negotiations on the Cyprus issue.
1980-1983  UN-Sponsored inter-communal talks, which, ultimately, collapse.
1983  Turkish-Cypriots proclaim the ‘Turkish Republic of Northern Cyprus’ recognised only by Turkey
1990  Republic of Cyprus applies for European Union membership.
1995  The EU General Affairs Council confirms Cyprus’ suitability for membership
1998  Beginning of negotiations for European Union accession of Cyprus.
1999  Turkey becomes candidate for European Union membership, with the resolution of the ‘Cyprus Problem’ as part of her accession conditionality.
2002-Dec  Rise of ‘Justice and Development Party’ government in Turkey
2002-2003  Rise of public opposition to the Turkish Cypriot hard-line leader and government in the north Cyprus
2003  Protocol 10 to the EU accession treaty has been adopted.
2004-Apr  The Annan Plan accepted by the Turkish Cypriot community but rejected by the Greek Cypriot community.
2004-May  Cyprus becomes an EU member divided. While the whole island became EU member, the EU law has been suspended in the north under the Protocol 10 attached to the accession treaty. The Green Line Regulation has been implemented.
2004  Direct Trade
CHAPTER 1. INTRODUCTION

1.1. The Case-Study and Contribution

During the course of the past seven decades, the European Union (EU) has become an increasingly significant actor and presence in international politics. This is mainly due to the widening and deepening of the European integration as well as the EU’s responses to the political developments in the region, which combined they have offered the Union capabilities and opportunities to project its power abroad. Especially, the fall of the Iron Curtain gave the EU an ‘unprecedented’ opportunity to instrumentally use its membership prospect and substantially transform many aspects of political, economic, and social life in Central and Eastern European Countries (CEEC’s). This process has been very influential in enlargement of the EU with 13 new members between 2004 – 2013\(^2\), which another seven countries are waiting for membership.\(^3\) From a slightly different aspect, the EU membership issue has become very controversial, fuelling a heated debate and violent demonstrations in Ukraine, while it helped approximation over the issue of contested statehood between Serbia and Bosnia showing other showcases of the relevance of the EU to international politics.

This relevance has not been limited to the framework of EU enlargement. The EU also sought to develop a broader area of political and economic cooperation with 16 of its neighbours through the European Neighbourhood Policy (ENP).\(^4\) Within this framework the EU primarily

\(^2\) 11 CEE countries Bulgaria, Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania Poland, Romania, Slovakia and Slovenia and also two Mediterranean island states Cyprus and Malta.

\(^3\) Albania, Bosnia, Kosovo, Macedonia, Montenegro, Serbia and Turkey.

\(^4\) Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, Palestinian Territories, Syria, Tunisia and Ukraine.
offered incentives, such as easier access to the EU’s single market, conditioned to improvement in the areas of the rule of law, democracy, and human rights. Although the EU managed to extend its outreach and affect the domestic affairs of its neighbours, it should be noted that absence of the ‘attractiveness’ of membership here has been a significant limitation in this respect. Apart from the ENP, the EU also deployed several missions for monitoring the rule of law and democracy in the broader region through its Common Security and Defence Policy (CSDP) since 2003. These overall indicate the EU’s ability and influence for affecting the domestic affairs of countries associated with it and the EU’s increasing relevance in international politics.


6 Kosovo, Palestine, North Cyprus, South Ossetia, Abkhazia, Transnistria, Nagorno-Karabakh, Donetsk and Luhansk.
Chapter 1


Despite this substantial body of academic work, there is space for exploring synergies between different theoretical literatures and combing them with examination of new empirical evidence. Particularly, the use of Europeanisation for promoting economic interdependence as a strategy for conflict resolution (either as the main or a complementary strategy to Track 1 diplomacy – diplomatic negotiations at the leaders’ level) is understudied. Although the EU’s influence in contested statehood and conflict resolution received extensive scholarly attention, the main focus in these works have been mostly on how the EU can utilise its membership and trade prospects as ‘tools’ for affecting conflicts or on the EU’s missions for monitoring the rule of law, police forces, and assistance in state-building (see above for citations).
This thesis aims at making a conceptual contribution in this respect by combining insights from the literatures on Europeanisation and liberal peace and relating the discussion to the aftermath of the aborted peace plan in Cyprus in 2004. Cyprus, which has become an EU member as a divided country, is an excellent case to test the EU’s ability to use Europeanisation for promoting liberal peace objectives as a strategy for affecting the ongoing contested statehood on the island towards a resolution. This is mainly because although the EU’s *acquis communautaire* is suspended in the Turkish Cypriot-controlled north Cyprus pending reunification of the island, the EU’s post-accession involvement on the island has been both implicitly and explicitly framed as a liberal peace project, its main objective being: facilitating reunification of the island by fostering economic interdependence and integration across the divide.\(^7\) Considering that Cyprus is an existing member state, and a particularly small one, it can be expected that the island will be potentially very receptive to EU’s influence. Therefore, tracing and testing the EU’s ability in promoting liberal peace objectives in the Cyprus case will offer new insights to the academic literature beyond what has been researched before but also a blueprint for other cases of conflict, potentially carrying similar characteristics.

On the empirical terms, there has been a substantial body of academic work focusing on the Cyprus problem. Some scholars looked at the birth of the Cyprus problem at its early phases (Vanezis 1977, Joseph 1997, Hitchens 1997, Panteli 1990, Stavrinides 1999), some focused on the UN supported peace talks (Richmond 1999, Sözen and Özersay 2007, Sözen 2012), while others focused paid more attention to the context of the EU accession of the divided island (Tocci 2007, Kaymak and Vural 2009, Ker-Lindsay 2005, Verney 2009, Skoutaris 2011). However, the Green Line Regulation and the economic activity across the divide in Cyprus has not been studied at all. Although there is an exception to this (Gokcekus *et al.* 2012), the focus has been a short quantitative analysis on the movement of goods, lacking an extensive and theoretical study. In this vein, the Green Line Regulation as well as of the economic activity across the divide will also make a much-needed contribution in empirical terms to the existing academic literature on the contemporary politics of Cyprus.

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\(^7\) The EU’s post-accession involvement as a liberal peace project has been discussed in more detail in the sub-section 3.3.a.
1.2. Focus and Timeframe

Within this context, the main objective of this thesis is to investigate the EU effect on three aspects of economic activity across the Green Line in Cyprus, which are regulated and enabled by the EU’s Green Line Regulation (GLR): movement of goods, services, and persons. This investigation will be guided by the following overarching question:

*To what extent did the EU’s Green Line Regulation contribute to the development of economic cooperation in Cyprus?*

In tracing the EU effect, this thesis provides a critical appraisal of the GLR on whether it provides an adequate legal framework for the economic activity in those three aspects and the extent to which it has contributed to the development of economic cooperation between the Turkish Cypriot and Greek Cypriot communities across the divide. The analysis also pays an equal level of attention to the extent to which the EU effect has been mediated by the factors at the domestic level: the roles of legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance. Within this focus, two empirical and two conceptual working hypotheses will be developed in Chapter 2 as guiding questions to have a specific focus in the analysis. The main timeframe under investigation is the period between 2004 and 2016. This period covers the first twelve years of implementation of the GLR providing enough time for investigation of the EU effect on the island.

This thesis argues that the GLR has achieved a limited level of success regarding the development of economic cooperation across the *de facto* divide in Cyprus but largely remained as a failure from Europeanisation and liberal peace perspectives. Firstly, it has to be acknowledged that the GLR provided a legal basis for the economic activity (movement of goods, services, and persons) across the *de facto* divide in Cyprus and protected the persons and economic operators involved in it. This has been a very significant step forward towards establishing a workable basis for bi-communal relations in the post-conflict era and resulted some level of economic cooperation. However, the level of this economic cooperation within 12 years of the implementation of the GLR (2004 – 2016) has remained limited and has not

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8 The investigation regarding the movement of persons (Chapter 6) starts from a year earlier in 2003, when the Green Line has been opened prior to the EU accession of the island.
reach high levels to which it would foster economic interdependence between the two communities and facilitate resolution of the conflict. This is due to two main factors, which deeply mediated and negated the Europeanisation process and the development of the EU’s liberal peace project on the island: Firstly, the GLR has not been designed comprehensively acknowledging the potential legal and political complications that could arise from the ongoing division of the island. Secondly, in absence of a comprehensive legal framework, a set of factors at the domestic level further mediated the Europeanisation process and limited the economic cooperation: i) the role of legal framework, ii) the role of ethno-politics in political elites, iii) the role of ethno-politics in civil society, and iv) the role of governance.

1.3. The Conceptual Framework

In order to put the EU effect on the three aspects of economic activity across the divide in Cyprus into theoretical perspective and establish an analytical framework, this thesis adopts the conceptual frameworks of Europeanisation and liberal peace. The Europeanisation debate concerns with the relationship between the EU and countries associated with it and the changes that occur as a result of this relationship at the domestic and EU level. Europeanisation debate helps this research regarding the investigation of the EU’s ability to project its power and influence on the ongoing contested statehood in Cyprus and facilitate its resolution by promoting its liberal peace project on the island - increased economic activity and development of economic interdependence across the divide. Specifically, this investigates the EU effect on the economic activity across the divide through three mechanisms borrowed from the Europeanisation debate: i) institutional compliance, ii) change of domestic opportunity structures, iii) cognitive change. Additionally, the conceptual framework of this thesis utilises the insight from the liberal peace literature, which proposes that greater economic interactions and development of economic interdependence between countries facilitate resolution of their conflicts. This helps to conceptualise the EU’s post-accession involvement in Cyprus as a liberal peace project, and the GLR as the main instrument of it. In that regard, this thesis will develop two additional conceptual working hypothesis one on Europeanisation and one on liberal peace in Chapter 2. Overall, while
Europeanisation will be portrayed as a ‘process’ in this thesis, liberal peace objectives are seen as the ‘ultimate destination’, which the ‘vehicle’ of the EU’s GLR will drive the island towards it.

1.4. Methodology

The research design of this thesis is based on a single case-study focusing on the EU’s GLR in Cyprus and its impact on economic activity across the divide. However, separate attention paid to the movement of goods, services, and persons regarding this economic activity will provide this thesis a comparative element, which will help to identify whether the GLR produces differential results across these three aspects of economic activity. The analysis focuses on a long time period between 2004 and 2016, which allows a retrospective analysis of challenges and opportunities for the EU’s liberal peace project in Cyprus in a theoretically informed manner.

The ontological assumption of the thesis is that the GLR has only achieved a limited success and largely failed to fulfil its liberal peace objectives. This is mainly due to the design shortcomings of the GLR and the factors at the domestic level, which all of these have limited the economic activity across the divide. Therefore, the Europeanisation process and development of the economic interactions across the divide towards the EU’s liberal peace project on the island have been heavily mediated and negated. The epistemological assumption of the thesis is that it is possible to examine the extent to which the GLR, hence the EU’s liberal peace project in Cyprus, has been a success. This is possible through employing a theoretically informed perspective and analysing the level of economic interactions across the Green Line between 2004 and 2016 as well as the factors to which have mediated the Europeanisation process and development of the EU’s liberal peace objectives on the island.

The analysis in this thesis will draw on an extensive qualitative and a limited level of quantitative analysis. The exact nature of the quantitative analysis is bringing a statistical perspective to the empirical investigation on each of the three economic aspects regarding
the level of economic interactions that occurred across the divide as outcomes of implementation of the GLR. On this aspect, the thesis gathers primary data provided by the European Commission, Greek Cypriot and Turkish Cypriot authorities and the Turkish Cypriot Chamber of Commerce on the level of economic activities. This data has been put together and visualised in figures to be presented in the empirical section of the empirical chapters of this thesis. The qualitative analysis conducts a policy trace, critically analysing how the GLR has been developed and implemented in each of the three aspects of economic activity. The analysis will also pay attention to how the design of the GLR and the factors at the domestic level mediate the Europeanisation process and development of liberal peace objectives on the island.

The data analysed relies on both primary and secondary sources. The conceptual framework (chapter 2), history of Cyprus (chapter 3) relies on a wide range of secondary sources, books, journal articles, and news articles. These secondary sources also help to contextualise the discussion regarding the policy trace in the empirical chapters (4, 5, and 6). However, those chapters heavily rely on primary sources such as policy papers, annual reports and statistics on implementation of the GLR, EU documents, documents by the Turkish Cypriot Chamber of Commerce, and publications by civil society in order to illustrate the impact of the GLR.

Additionally, the investigation in empirical chapters and to a lesser extent the contextual chapter (3) benefit a wide range of interviews with a variety of EU, Turkish Cypriot, Greek Cypriot officials in Brussels (Belgium) and Nicosia (Cyprus) as well as Turkish Cypriot and Greek Cypriot civil society actors and economic operators in various cities and villages of Cyprus (48 in total). The interviews were mainly conducted in six rounds of fieldworks in Brussels and Cyprus between 2014 and 2017, while some were conducted in Manchester via phone calls and email exchanges (see Appendix 2 for the full list of interviews). The interviews were predominantly semi-structured: while a list of indicative questions guided the interviews, there was no fixed structure but instead flexibility was shown to focus on the areas, which the interviewee was more knowledgeable on (see Appendix 1 for the indicative structure of interviews). Each interview session approximately lasted an hour. While the interviews with EU and Greek Cypriot officials and Greek Cypriot economic operators were conducted in English, the interviews with Turkish Cypriot officials and economic operators were conducted in Turkish. The name and exact position of the interviewees remain confidential.
Conducting interviews has added a methodological strength to the thesis. Firstly, this method has been helpful in providing a fuller and stronger empirical analysis, which the information gathered from other primary and secondary resources has been triangulated by the experiences of practitioners and economic operators. Secondly, interviews also have been helpful to shed light on aspects regarding the development and implementation of the GLR, which have not been covered by any primary or secondary publications. For example, the interviews conducted with European Commission officials have been extremely useful in this respect. Thirdly, this method provided a perspective of how the economic operators experience using the GLR as a basis for economic interactions across the divide, their concerns and fears so on. Therefore, conducting interviews plays a major part of the epistemology of this thesis. Although there is no explicit weakness to conducting interviews, the challenge has to be acknowledged that sometimes the information provided by the interviewees can be selective or difficult to triangulate with other forms of resources. From ethical considerations aspect, specific attention was paid for each interviewee on whether they were willing to be interviewed, to be voice-recorded, and to be quoted. Each of these aspects were indicated separately in the consent forms, which the interviewees were asked to fill in prior to the interview. Some interviewees preferred to share some sensitive information but asked that it was ‘off the record’, not recorded or used within the thesis. This thesis has fully taken the preferences of the interviewees into account and did not use any personal information without the consent of the interviewees.

1.5. Thesis Overview

This thesis is structured into seven chapters. Following this introduction, Chapter 2 reviews the Europeanisation and liberal peace literatures. A specific attention is paid to the contexts of EU enlargement and conflict resolution. The chapter also outlines operationalization of the research in this thesis, revisits the research question established in this chapter (1), and develops four working hypotheses (two empirical, two conceptual) to guide the investigation. Chapter 3 begins with a historical overview of the Cyprus problem starting from the Ottoman rule to until the EU accession. Specific attention is paid for territorial division of the island and ethnic segregation of the Greek Cypriot and Turkish Cypriot communities into different zones.
In the following, the chapter pays attention to development of the EU membership of the divided Cyprus and contextualises what is referred as the EU’s liberal peace project in Cyprus. The purpose is to provide a comprehensive background for linking the conceptual and the empirical parts of this thesis for the following chapters (4, 5, and 6).

Chapter 4 is the first empirical chapter of this thesis. It examines the EU effect on the movement of goods across the Green Line in Cyprus beginning with an introduction (4.1) followed by an initial assessment, whether the economic activity in this area is likely to develop into high levels (section 4.2). This is followed by the overview and critical assessment of the design of the GLR, whether it provides an adequate design to facilitate the movement of goods (section 4.3). After providing the empirical data on the level of economic activity, the chapter pays attention to how the domestic factors have mediated the EU effect (section 4.5). The conclusion returns to the research question, the conceptual discussion, and all four working hypotheses (section 4.6). This structure is analytically applied in Chapters 5 and 6 regarding the movement of services, and persons respectively and all hypotheses are tested in each of the empirical chapters. Chapter 7 concludes the thesis. It begins with revisiting of the research question and recapping the empirical findings and revisiting the two empirical working hypotheses established in Chapter 2. It is followed by a review of the conceptual findings on Europeanisation and liberal peace and revisiting of the two conceptual hypotheses on each of these concepts. Unlike to the empirical chapters (4, 5, and 6), which looked at the movement of goods, services, and persons separately; both the empirical and conceptual recap looks at all three aspects of economic activity. Finally, the chapter concludes with commenting on the potential future of the topic under investigation and outlining of potential avenues for future research.

Finally, there is a group of issues that this thesis does not aim to investigate. The focus of this thesis relates to the Cyprus problem and how the unresolved conflict mediates the EU effect on three aspects of economic activity across the Green Line. However, this thesis is not a study of the Cyprus problem and it does not aim to provide an exclusive account of it neither regarding the historical development of the conflict, nor the UN supported peace talks. Additionally, this thesis is not about the aborted peace plan on the reunification of Cyprus in 2004. It does not concern with the factors leading to such result – abortion – or that result’s
impact on the intra-communal politics of the Turkish Cypriot and the Greek Cypriot communities.
CHAPTER 2. INSIGHTS FROM EUROPEANISATION AND LIBERAL PEACE FOR THE CYPRUS CASE

2.1. Introduction

Europeanisation is a popular and debated concept in the European Studies. It concerns with the changes that occur at the level of EU and at the domestic level of the countries associated with it as an outcome of their reciprocal relationship. While the debate previously focused on the EU’s impact on its member states, the EU’s 2004 ‘big bang’ enlargement drew a significant level of academic attention to the EU’s ability to project its power and cause change in the domestic affairs of the candidate countries. Additionally, the way that the EU attempted to affect the ethno-political conflicts in its region by linking its objectives to a certain degree of integration into the EU’s structures have extended the Europeanisation debate to the area of conflict resolution. As indicated in the introduction (chapter 1), Europeanisation is one of the two academic literatures, which will feed into the conceptual framework of this thesis, while the second is liberal peace.

Liberal peace proposes that economic linkages and interdependence between conflicted parties create favourable conditions for conflict resolution. When two states become interdependent, as rational entities, they become prone to cooperation for managing their common future. As briefly indicated in the introduction (chapter 1), the EU’s post-accession
involvement in Cyprus has been framed by the political objective of promoting economic interdependence between the Turkish Cypriot controlled north and the Greek Cypriot controlled south in order to facilitate reunification of the island. The insights presented in this chapter on liberal peace will be helpful to develop this political objective of the EU as its liberal peace project in Cyprus and the GLR as the main instrument of it in the contextual chapter of this thesis (3).

On this basis, this chapter aims to shed light on the Europeanisation and liberal peace literatures aimed at combining the insights from both and developing a conceptual framework for the investigation of the EU effect on the economic activity across the Green Line in Cyprus. The chapter is divided into three main sections: the first section (2.2) reviews the academic literature on Europeanisation (2.2). Particularly, it pays attention to Europeanisation as a concept (2.2.a), its use in the contexts of EU enlargement (2.2.b) and conflict resolution (2.2.c). The second section focuses on the liberal peace literature presenting empirical findings from the literature (2.3.a) as well as its critiques (2.3.b). The chapter ends with presenting operationalization of the research on the study of the EU effect on the economic activity across the Green Line in Cyprus. The section revisits the research question established in Chapter 1 and draws conceptual insights from the Europeanisation and liberal peace literatures for developing a conceptual framework to be employed in the empirical investigation in this thesis (chapters 4, 5, 6). Additionally, it develops four working hypotheses (two empirical, two conceptual in focus) to guide the investigation. A short section concludes this chapter (2.5) before the following contextual chapter (3).

2.2. A ‘Fashionable’ Concept\(^9\): A Review of the Europeanisation Literature

For a long time, the academic research on Europe was mostly limited to historical explanation of the European integration, which was studied through ‘top-down’ approach of the two grand macro-level theories of intergovernmentalism and neo-functionalism by the discipline of International Relations (Haas 1958; Rhodes and Mazey 1995; Keohane and Hoffman 1991; Olsen (2002: 921) characterises Europeanisation as a ‘fashionable’ concept in the area of European Studies.

\(^9\) Olsen (2002: 921) characterises Europeanisation as a ‘fashionable’ concept in the area of European Studies.
Wallace 1982; Moravcsik 1991, 1993, 1998). This was the perspective that member states voluntarily delegated their powers to the EU level in order to establish European institutions (Börzel 2002: 194). As the EU integration deepened the academic literature increased its attention on the questions of what is the impact of the EU on its members and candidates and how to measure it. As a reflection to this process, the concept of Europeanisation developed as an analytical tool in 1990’s to explore the effects of change and transformation caused by the EU on the domestic institutions and governance structures of the existing member states. The concept of Europeanisation expanded significantly when the Eastern European countries gained their independences after the Soviet Union’s collapsed and they looked to the EU for their future. The process of CEE’s comprehensive transformation to open market democracies from communist Soviet countries in their journey to the EU membership offered the EU a great basis to project its power on the region to cause change and drive Europeanisation in those countries.

Another field that acquired great attention of the Europeanisation literature has been the EU’s response to ethno-political conflicts/ contested states in its periphery (Töller 2004, Noutcheva et al. 2004, Bulmer and Radaelli 2005, Quaglia and Radaelli 2007, Bouris 2014). While the EU deployed civilian (and/or lightly armed) missions into some problematic countries (such as Bosnia, Kosovo; such as see Papadimitriou and Petrov: 2012); the EU tried to solve some of the conflicts through promoting loose federal or confederal state structures with the incentive of integration into the Unions structures (such as in Serbia-Montenegro in 2002, and in Cyprus in 2004). This could help to transform notions of sovereignty, borders and security in the EU framework with win-win agreements (Tocci 2004: 551).

This section aims to develop this focus and review the academic literature on Europeanisation in the contexts of EU enlargement (2.2.b) and in conflict resolution (2.2.c) after clarifying the concept of Europeanisation (2.2.a).
2.2.a. Europeanisation as a Concept

Europeanisation is a concept in the European Studies, which is rooted in historical institutionalism and sociological institutionalism and concerns with the changes that occurs at the level of EU and at the domestic level of the countries associated with it as an outcome of their reciprocal relationship. Its popular and debated use in the literature led Olsen to characterise it as a ‘fashionable term’ (2002: 921). However, it is challenging to make a clear-cut clarification for its conceptual dimension because it does not have a commonly accepted definition.

Ladrech defines Europeanisation from an angle focusing on the change of policy orientation in member states as a result of the increased significance of the EU to their domestic politics. According to his words:

   Europeanisation is an incremental process reorienting the direction and shape of politics to the degree that EC political and economic dynamics become part of the organisational logic of national politics and policy-making (Ladrech 1994: 17).

Börzel defines Europeanisation as (1999: 574) “a process by which domestic policy areas become increasingly subject to European policy-making”. Börzel also introduced a second complementary dimension to this definition. Borrowing from Putnam’s (1988) ‘two-level game’ concept, Börzel states that Europeanisation involves in ‘top-down’ and ‘bottom-up’ ‘two-way’ processes, “which member states both shape European policy outcomes and adapt to them” (2002: 194; see also Cowles, Coparaso and Risse 2001). According to the first way, the member states download the policy outcomes formed at the EU level, which causes change on these states’ domestic systems. According to the second way, the member states want to push their policies (upload) and policy preferences to the EU level to minimize adaptation costs at later stages of Europeanisation and to satisfy domestic pressures (Bulmer and Burch 2005: 864; Putnam 1988: 434).

Olsen gives a broad list of categorical use of Europeanisation acknowledging reciprocal characteristic of the relationship similar to Börzel. According to Olsen there are at least five dimensions of Europeanisation:
(i) the territorial expansion of Europe’s (or the EU’s) borders (enlargement); (ii) a process of European-level institutionalization; (iii) the export of European institutions (rules, structures, norms, for example) to the wider world; (iv) the strengthening of the European integration ‘project’ or the ‘European Construction’ as a political ambition; and (v) the domestic impact of European-level institutions (Olsen 2003: 334).

Developing on the Lardrech’s work, Radaelli’s definition is one of the most cited definitions of the concept. According to his understanding, Europeanisation is:

Process of (a) construction, (b) diffusion and (c) institutionalization of formal and informal rules, procedures, policy paradigms, styles, and ‘ways of doing things’ and shared beliefs and norms, which are first defined and consolidated in the making of EU decisions and then incorporated in the logic of domestic discourse, identities, political structures and public policies (Radaelli 2003: 30; see also Radaelli 1997: 555; Radaelli 2000a: 4).

It should be also noted that although Europeanisation can be seen as a very wide phenomenon involving various effects from various actors in Europe, the term might more accurately be defined as ‘EU-isation’ (Wallace 2001), which limits to the scope of the term to the impact of the EU to not to overstretch the influence of the EU and screen out other causes of change (Goetz 2001; Radaelli 2003, p. 50). However, due to the terminology used in the academic Europeanisation literature the use of the term 'Europeanisation' corresponds to the ‘EU-isation’ process, meaning the focus is only the EU caused change. Thus, Europeanisation in this thesis refers to the results of reciprocal interaction between the EU and EU associated countries. It is also important to note that Europeanisation, is not an ontological theory aimed to explain why the EU enlarges and why the states want to join to the Union but a post-ontological tool concerning the effects of enlargement and integration process (and interaction with non-members) on the domestic and European levels (see Grabbe 2003: 310).

2.2.b. Europeanisation and EU Enlargement

The previous section reviewed different perceived meanings of Europeanisation as a concept. This section reviews the academic literature on Europeanisation in the context of EU enlargement with a focus on the mechanisms of Europeanisation.
Eastern European candidates have been subject to a huge transformation in their path to the EU membership. As Grabbe indicated, the similarity of adaptation pressures to the EU policies between the member states and CEE’s made it possible to use Europeanisation on the candidate countries to explore EU caused changes (Grabbe 2005: 39, 306). But how Europeanisation occurs? To be able to investigate the EU-induced change in candidates it is important to acknowledge the mechanisms available for Europeanisation.

Knill and Lehmkuhl (2002: 257-259) offer an important work on the approach to mechanisms of Europeanisation. According to them, Europeanisation occurs through a) pressure for institutional compliance b) alteration of domestic opportunity structures, and c) framing of domestic beliefs and expectations (cognitive change). According to the first mechanism, institutional change occurs as a result of specific institutional requirements of the EU that member states need to comply with, particularly leading to ‘positive integration’, which domestic regulatory policies are replaced with the community policies (Europeanisation by institutional compliance). The second mechanism is the EU’s pressure on governments to change domestic structures and prohibit some certain administrative arrangements without specifically prescribing an institutional model to be applied, leading to ‘negative integration’. The third mechanism refers to a cognitive dimension corresponding to the ‘ways of doing things’ in Radaelli’s definition (2003: 30). Through this mechanism, the EU causes change through changing the beliefs and expectations of the member states, which in return affect strategies and preferences of domestic actors leading to more institutional adaptations (Europeanisation by framing domestic beliefs and expectations).

Heather Grabbe’s works (2003; 2005) focused on the eastern enlargement proposes five mechanisms of Europeanisation in the context of enlargement, but still both goes hand in hand in explaining EU-induced changes. According to Grabbe, there are five mechanisms the EU used instrumentally to exert its influence and cause institutional and policy transformation in CEEC’s: a) models, b) money, c) benchmarking and monitoring, d) advice and twinning, e) gate-keeping.

Firstly, according to Grabbe (2003: 312), promotion of models is the most explicit form of Europeanisation. Applicants have to ‘download’ the whole volume of the EU’s existing laws and norms as legal transposition of the acquis and harmonization with the EU laws is
obligatory to be a member state. As stated by Risse, Cowles and Coparaso (2001: 2-7) institutional misfit is identified in the screening process and the candidates have to adopt changes accordingly to prove that they have the capacity to comply with the EU rules and also they will be good partners (Grabbe 2003: 313). This mechanism corresponds to *Europeanisation by institutional compliance* identified in Knill and Lehmkuhl’s work (2002: 258).

Adaptation to the EU laws and rules has been in the centre of accession process as well as candidates’ preparations for membership. A critical relevant point here is that, the applicants are only consumers of the EU policies and cannot upload their preferences till they accede into the Union. Candidate status largely limits the applicants’ capacity to negotiate opt-outs. Thus, even if a policy is a misfit for applicants, they have to undertake it (Grabbe 2003: 313). This has significantly increased the EU’s capacity to cause change and drive Europeanisation in the CEEC’s. Another critical point in favour of the EU for the CEEC’s was the complexity and breadth of the EU’s agenda. By the eastern enlargement, the EU had become significantly institutionalized and the *acquis communautaire*\(^{10}\) to adopt was much bigger. As a result, the applicants had to go under significant reforms and transformations to be able to adopt the *acquis*.

Additionally, in line with Knill and Lehmkuhl’s *Europeanisation by framing domestic beliefs and expectations* mechanism, the candidate states are subject to framing mechanisms through encouragement to comply with minimalist directives and non-compulsory directives to cognitively convince them that they will be good partners as well as to make them look to the EU for guidance on what is good policy (Grabbe 2003: 313). As an example the candidates voluntarily signed ‘Joint Assessment Papers’ with the Commission guiding their labour market policies. However, a pitfall undermining the EU’s impact has been the absence of a single ‘European’ public administration model to export (Papadimitriou and Phinnemore 2004: 623). Whilst, the EU put much pressure on the candidates to improve their administrative capacity in the accession process, the EU has been unable to offer a specific blueprint for administrative/ governance reform. Thus, the model to be applied remained in the hands of

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\(^{10}\) Aggregation of all decisions and rules of the EU.
applicant states, which caused diffusion of the EU’s impact in those states (see also; Grabbe 2005: 76-80; Dimitrova, 2002).

Another point of cognitive dimension of Europeanisation was based on the ‘return to Europe’ slogan, which Eastern European Countries were never seen apart from Europe but instead they were taken away by the Soviet Union. As the Iron Curtain had fallen, and the CEEC’s acquired their independences, the EU saw it as a ‘responsibility’ to help them (Dinan 2005: 143) as well as an opportunity for (re)unification of Europe (Papadimitriou and Petrov 2012: 746). This narrative also gave a significant ground to the CEEC’s to legitimize the reforms undertaken to their electorate (Papadimitriou and Phinnemore 2004).

The accession process is complex and requires costly reforms. As a second mechanism, the EU offers financial aid and technical assistance to its applicants in their accession period for promoting reforms, reinforcing the transfer of EU models, building of institutional capacity able to take on the EU’s practices. The EU aid had a direct impact in the candidates in creating new governance structures due to the EU’s requirement of particular administrative units and procedures (Grabbe 2005: 82). Such as the EU demanded decentralisation in the CEEC’s through creation of new sub-national units, which they were strongly centralized communist states before. Thus, money aid and technical assistance has been a powerful mechanism for the EU to involve in the domestic governance of the applicants and ‘Europeanise’ them.

Thirdly, the EU uses benchmarking and monitoring through ranking the applicants’ practices, providing examples of best practice and benchmarking in particular policy areas to influence them. Monitoring more relates to the conditionality for membership, which the Commission reports on how prepared each applicant is for the membership in different areas through the cycle of ‘Accession Partnerships’ and ‘Regular Reports’ (Grabbe 2003: 315). This mechanism also has been useful to keep the CEEC’s aware on how well they were progressing towards membership. To lead the administrative reform initiatives in the applicant states, the EU used advice and twining as another direct route into governance of the applicants. By this programme civil servants in the EU member states are sent to work in the applicant states’ ministries and administrations to provide advice and technical assistance to applicants’ civil servants to decrease information asymmetries between the EU and the candidate countries (Grabbe 2005: 84-86; Papadimitriou and Phinnemore 2004: 624). However, although this
mechanism definitely contributes into modernization of the applicant states as a demand of the EU, this programme is not seen as a strong mechanism of Europeanisation due to the fact that the seconded EU civil servants are not controlled centrally by the EU. Thus, the impact of twinning mechanism on the CEEC’s was not consistent on how to meet EU standards in a given policy area but rather it was diffused (Grabbe 2005: 84-86).

Fifthly, as a very powerful membership conditionality, the EU has a gate-keeping role controlling access to candidate status and progress towards different stages of the accession process towards eventual membership, which can also be used to reinforce other aforementioned mechanisms of Europeanisation (Grabbe 2003: 316). The conditionality principle was tailored by the EU for the region ever since the bilateral relations with those countries were established in the late 1980s (Papadimitriou 2001; 2002). Especially creation of formal accession conditions by the Copenhagen criteria\footnote{The existence of stable democratic institutions, the functioning of a market economy and the ability to adopt the acquis communautaire.} gave the EU a strong basis to judge whether the conditions are met in candidate countries and demand domestic changes. In operationalizing this mechanism, the EU attaches specific conditions to different stages of the accession process for candidates individually. As an example, Croatia’s membership was conditioned to full cooperation with the International Criminal Tribunal for the former Yugoslavia (ICTY) and hand over war criminals of the Yugoslav Wars (1991 – 1999), as it was in the cases of many Eastern European candidates. Due to the reason that Croatia did not fully cooperate with the ICTY ratification of the EU Stabilisation and Association Agreement was stalled. Another example is, in 1999 Helsinki European Council the EU excluded Turkey from negotiations because she did not fulfil the prerequisite of democracy and human rights conditions. The principle has been a driving force behind the Europeanisation of the CEECs as it brought obligation for applicants to comply with additional economic and political demands of the EU (Papadimitriou and Phinnemore 2004).

The Eastern enlargement, in a comparative perspective to earlier enlargements, required multi-dimensional reforms in the candidate countries, which resulted in Europeanisation of those countries. Taking into account that the CEEC’s were formerly communist countries, they had to go under massive transformation in their journey to the EU membership. This transition process from communism to open market democracies allowed the EU to be very
influential on the CEEC’s. Overall, the EU has been able to exert great influence on the CEEC’s both due to its membership criteria and conditionality as well as the reason that the newly independent Eastern European countries has looked to the EU for their future, where the EU prescribed them models to apply. Considering that there was no accurate way to determine if the conditions were met properly, and the fact that applicants could not influence the making of EU decisions boosted EU’s capacity to influence its applicants. The EU-CEEC relationship created an asymmetric relationship in favour of the EU - ‘an evident source of power’ - giving it a ‘coercive’ opportunity to influence the domestic systems of the applicants (Grabbe 2005: 52; Grabbe 2003: 303).

The EU’s success in changing a dozen of countries and incorporating them into the European peace project increased the academic attention on the EU’s capacity to project its power abroad to influence ethno-political conflicts in its periphery. The next sub-section explores instrumental use of Europeanisation to make change towards resolution in conflicts.

2.2.c. Europeanisation and Conflict Resolution

Conflicts over sovereignty and international recognition, proliferation of micro-states have been a problem in the EU’s neighbourhood from a number of years. Such cases can be found both within the EU itself (Cyprus problem), in enlargement context (Bosnia, Kosovo, Macedonia), and the European Neighbourhood Policy (ENP) (Azerbaijan, Georgia, Moldova, Palestine) (Papadimitriou and Petrov 2012: 747). As it has been shown in the previous section, the EU uses its membership framework to attract countries, project its power to change them, and (re)shape it’s near abroad. The study of Europeanisation has extended to the field of conflict settlement in order to explore the EU’s possible effects on conflict settlement through its varied frameworks such as from enlargement, ENP, Eastern and Euro-Mediterranean partnerships to the CFSP/CSDP missions. A number of studies in the literature conceptualised the problem of contested states under such perspective (Papadimitriou and Petrov 2012, 2004; Grabbe 2001; Fischer 2002; Schimmelfenning and Sedelmeier 2005; Bauer 2007).
The EU attempts to export Europeanisation and promote norm transfer as a mean for conflict resolution in irredentist or secessionist ethno-political conflicts in neighbourhood (or in its own geographical borders). It tried to use its framework in terms of accession to the Union or partial integration into its structures to craft loose federal or confederal compromises to solve conflicts such as in Cyprus in 2004 and in Serbia-Montenegro in 2002. This could indeed help to transform notions of sovereignty, borders and security within the EU’s multi-level governance framework and help to find win-win agreements (Tocci 2004: 551). According to Noutcheva et al. (2004: 7) a conceptual definition must be made as follows:

In the field of secessionist conflict transformation and resolution, Europeanisation should be understood as a process that is activated and encouraged by European institutions – primarily the European Union – by linking the final outcome of a conflict to some degree of integration into European structures for the opposing sides.

This definition is useful in exploring Europeanisation in conflict resolution because the flexibility it offers about the final outcome – some degree of integration – helps to cover frameworks both including and excluding EU membership. Secondly, the importance of conditionality is expressed through the words of ‘linking the final outcome’.

Papadimitriou and Petrov (2012: 751) lists nine cases of contested statehood that affects the existing EU Members or countries associated with the EU through enlargement or ENP frameworks12 and offer a list of mechanisms that the EU has in its disposal to deal such crises. These mechanisms are: (i) Intense diplomatic activity for conflict resolution/ mediation through the common foreign and security policy (CFSP) structures, (ii) provision of aid such as through ENP, (or in this case, specific benefits such as Aid for Turkish Cypriots) (iii) EU membership prospect to end conflicts, (iv) deployment of civilian and/or military CSDP operations for civilian crisis management, and (v) direct exercise of executive powers by the EU in a contested territory as a part of an international settlement to end a conflict.

Linked to these mechanisms, a differentiation can be made about the roles that the EU can take on in influencing conflicts. One is being an ‘actor’ through active involvement in conflict

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12 Azerbaijan (Nagorno-Karabakh), Bosnia (Republika Srpska), Cyprus (North Cyprus), Georgia (Abkhazia & South Ossetia), Kosovo (North Kosovo), FYR Macedonia (Tetovo valley), Moldova (Transnistria), Occupied Palestinian Territories (entire territory), Serbia (Kosovo).
settlement process by relying heavily on the first mechanism of intense diplomatic activity – a mediator role – through the CFSP structures (i.e. CFSP High Representative) to solve the conflicts such as in Serbia-Montenegro case. This role can complementarily be supported with other mechanisms, such as financial aid. Secondly, the EU can refrain taking on a mediator role, but aims to cause conflict transformation in problematic countries through offering its membership as a ‘framework’ organisation such as between Serbia and Bosnia, as well as Cyprus in 2004 with a conditionality of conflict resolution (Noutcheva et al. 2004: 6, Tocci 2004). This is another way of providing a pro-resolution environment to parties due to the EU’s postmodern features as an institutional and discursive framework, which will allow actors to redefine their identities and relations between each other and has a great potential to contribute in conflict transformation (Diez 2002: 1). This will allow parties to move away from rigid lines into less conflicted co-existence.

On both types of roles that the EU can take on, active use of gate-keeping mechanism of Europeanisation and conditionality criteria has a great significance. An important distinction to make is some of these countries have potential to be members of the Union, such as Kosovo and FYR of Macedonia, while some of them do not have a prospect of integration and remains under partnerships or the European Neighbourhood Policy such as Azerbaijan, or Georgia. It has been shown by studies that largely due to the reason of absence of membership prospect in the ENP framework, and other partnerships, the EU does not have a formidable power on associated countries to cause change (Schimmelfennig and Sedelmeier, 2004; Sedelmeier 2007; Schimmelfennig 2007), which is a huge limitation to norm and institution transfer and conflict resolution. Although usually the countries are willing to comply with the EU’s demands to receive the rewards, the fact that the tools in the EU’s disposal are mostly carrots like financial aid and trade facilitation makes it difficult to break the positions of the sides if the issue has a high importance for them. Schimmelfennig (2001) also points out that although internalization of the EU’s norms and compliance with its demands is rewarded, failing to do is not punished beyond withholding the membership reward or suspension of Europe Agreements, aid programmes so on. Definitely aid and trade privileges are important foreign policy tools. However, on important cases countries venture losing economic incentive rather than complying with ‘costly’ demands of the EU.
In the work of Noutcheva et al. (2004: 7) it is shown that conditionality is a key mechanism available to the EU to export Europeanisation into conflict resolution to make it clear that progression in conflict resolution is a pre-requisite to reach rewards. Additionally, they emphasize that, while conditionality is a short-term goal, socialization can affect parties’ strategies in long-term. Thus ‘socialisation’ is also a key mechanism to increase communication of the two sides and encourage them to cooperate (Noutcheva et al. 2004: 7). This shows the importance of increased contacts between the conflicted parties.

The framework of enlargement is the most powerful and attractive tool that the EU can use to cause change through active use of conditionality. As an example Croatia had to solve its border problems with Slovenia as a condition on its EU membership (Imbarlina 2012). However, lack of comprehensive vision on ethno-politics and miscalculation of steps in upgrading candidates’ status towards membership in the accession period without guaranteeing the expected outcomes can make the EU unable to influence conflicts. Cyprus is a very good example of such case. EU membership framework was supposed to be an incentive to end the conflict through cooperation to reach the reward. However, the EU repeatedly focused on the intransigence of Turkish Cypriot leader Denktaş and failed to acknowledge the negative effects that removal of the conditionality on RoC’s membership could cause on Greek Cypriots (Tocci 2004: 558), which eventually led to failure of the reunification plan (see chapter 3). This point is also shown in the work of Noutcheva et al. (2004: 4) examining Europeanisation in secessionist states that the EU’s dealings of the contested statehood in its periphery needs a more rigorous and complex specification because Europeanisation turns out to be a highly complex set of mechanisms and influences and not work in the expected direction - favouring conflict settlement. Particularly, Cyprus example shows that while the Greek Cypriot side was eager to negotiate reunification of the island by the mid-1990’s for achieving the EU membership, this eagerness was completely gone after the EU gave way to the membership of the divided Cyprus (see Chapter 3).

This sub-section completed the review on the Europeanisation literature. Based on the material presented in this section (2.2), insights will be drawn in section 2.4. In order to develop a conceptual framework for the empirical investigation in this thesis.
2.3. ‘A Nearly Unrivalled Ideological Hegemony’: A Review of the Liberal Peace Literature

Post-Cold War era witnessed an increased appeal of the liberal peace thesis, due to western ideology’s pre-dominance, to stabilise newly independent, war shattered, post-civil war, and fragile states and to prevent a pull-back into violence as relevant situations were increased. 28th U.S President Woodrow Wilson as a scholar of liberal political theory saw liberalisation in terms of democratisation and marketization as a remedy for violence (Paris 2004: 7). In his words, that any attempt that did not “recognise and accept the principle that governments derive all their just powers from the consent of the governed” was bound to fail (ibid) and he proposed a market economy similar to the US’. The peace-building missions, which emerged in 1990’s were very much in line with Wilson’s vision - transforming post-war states into liberal market democracies in a short time. The idea was, “promoting ‘liberalisation’ in countries that had recently experienced civil war would help to create the conditions for a stable and lasting peace” (Paris 2004: 5). It was expected that democratisation would prevent conflicts in a peaceful arena of electoral politics and marketization would foster sustainable economic growth, which would also help reducing tensions (ibid: 5-6).

Former UN Secretary General Boutros Ghali in his ‘Agenda for Peace’ report in 1992 stated that, “there is an obvious connection between democratic practices – such as the rule of law and transparency in decision-making – and the achievement of true peace and security in any new and stable political order” (Boutros-Ghali 1992: 34). Especially after the fall of the Berlin Wall and disintegration of the Soviet Union; NATO, the Council of Europe as well as the EU internalised the liberal peace thesis in their actions to transform newly independent countries in Eastern Europe. Similarly, this idea was embodied by the UN in its missions deployed in other parts of the world such as in Angola, Rwanda, Cambodia, Liberia, Bosnia, Nicaragua, El Salvador, Guatemala, Namibia, Mozambique, Kosovo as well as by the EU in Bosnia, Kosovo, and Iraq (Bouris 2014: 9). This was the very same idea behind the economic and technical help given for the promotion of democracy in Central and Eastern Europe in the 1990’s as

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13 Hameiri (2011: 5) characterises liberal peace in the post-Cold War era as ‘a nearly unrivalled ideological hegemony’.
14 For this reason, Paris (ibid) calls liberal peace as “Wilsonianism”.

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well as when it was accepted as the basis for democratic development and reservation of human rights in 1993 Declaration of Vienna (Tziarras 2012: 2). For this reason, according to Hameiri (2011: 5) the liberal peace thesis enjoyed ‘a nearly unrivalled ideological hegemony’ in the post-Cold War era.

After this introduction on liberal peace (2.3), this section will review the academic literature on the empirical findings about liberal peace (2.3.a) and its critiques (2.3.b).

2.3.a. Empirical Findings about Liberal Peace

According to the classical liberal thinking, trade and democracy reduces the likelihood of a militarised dispute between two (democratic) countries and are mutually enforcing in promoting liberal peace (Russett and Oneal 2001: 126), which can be traced back to Kant’s work Perpetual Peace in the late 18th century (1795) and other writers of enlightenment philosophers such as John Locke and Adam Smith. Both democracy and economic interdependence are seen as strong inhibitors of conflicts (Schrodt 2004: 292). This was emphasized in a famous metaphor by *New York Times* columnist Thomas Friedman in 1996 referring to liberal market democracies that “Countries that both have McDonald’s restaurants don’t fight each other” (cited in Schrodt 2004: 292). The premise is that like-minded western liberal democracies are more peaceful and law abiding and they make the liberal peace methodologically possible when they coexist in a western oriented international society (Richmond 2006: 298).

Trade was seen as a remedy for war even before the democracy occurred in most countries because in the words of Kant, “The spirit of commerce sooner or later takes hold of every people, and it cannot exist side by side with war.” (Kant 1795, cited in Russett and Oneal 2001: 128). According to this logic, as countries become more interdependent to each other or dependent to the international market, orient themselves around international commercial exchange, have more foreign direct investment they become more integrated into a system of rules and regulations, which limits their behaviour from pursuing militarily aggressive foreign policies (Souva and Prins 2007: 186) and establish favourable conditions for
cooperation. According to the liberal argument, individuals act rationally in accordance with their economic interests. If citizens sell their goods, obtain raw materials, capital goods, intermediary products, or have financial investments or investors in another state, it would be hardly in the interest of that state to go into militarised dispute with another because it would be equal to bombing its own property (Russett and Oneal 2001: 128). This means each party has a stake in the economic well-being of the other.

Liberal peace incorporates the conceptions of democracy, rule of law, human rights, free and globalised markets, and neo-liberal development (Richmond 2006: 292), which are core elements of a liberal market democracy. According to Paris (2004: 5), promotion of ‘liberalisation’ for peace-building can be seen as a ‘social engineering’ project. While on the political aspects, the term ‘liberalisation’ refers to democratisation through human rights, objective elections, and respect for civil liberties so on; on the economic aspects, the term refers to an open market oriented economic model with minimized government involvement and maximizing the freedom of private investors, producers and consumers to pursue their economic interests (ibid).

There is significant level of empirical research on the relationship between democracies, trade, economic interdependence to peace and likelihood of conflicts. The bulk of empirical literature confirms the argument that market democracies rarely go into war against each other and they are less prone to experience civil wars (Souva and Prins 2007; Doyle 1983, 1986; Babst 1972; Rummel 1997; Russett and Oneal 2001). Additionally, it has been shown that trade does reduce likelihood of war (Rummel 1997, Gasiorowski and Polachek 1982; Gasiorowski 1986; Polachek 1992). According to Domke (1988), countries with high export levels were less likely to initiate wars that self-sufficient countries and countries open to global economy are more peaceful than democratic states that are not open (Russett and Oneal 2001: 133). According to Russett and Oneal (2001: 127-129), Economic interdependence creates ties to encourage accommodation rather than conflict. In their book *Triangulating Peace* (ibid), they found that democracy, interdependence, and international organisations contribute into international and bi-lateral peace and decreases the likelihood of militarised conflicts. On the same side, Souva and Prins (2007) found strong empirical evidence that commercial states initiate much fewer militarised conflicts than non-commercial states because they emphasise the importance of negotiations and side-
Chapter 2

payments (Souva and Prins 2007: 185). Thus, political and economic liberalisation appears to be a promising strategy to consolidate peace in and between states (Paris 2004: 42). Expansion of Europe’s zone of peace after the Second World War can be seen as a significant example of peace through economic interdependence and cooperation.

Another aspect is the liberal market democracies give rise to interest groups, which they organise to protect and enhance their economic self-interests. International trade increases the power of interest groups, which in turn they pressure policy-makers to avoid militarised disputes or breaking good relationships with their trading partners and harming their economic interests (Rosecrance 1986 cited in, Souva and Prins 2007: 186). Switching to a second-best trade partner could mean higher cost of production, inferior quality, losing competitiveness and lower profits. A state is highly vulnerable to disruption of trade (Keohane and Nye 1977: 8-13 cited in, Russett and Oneal 2001: 130,) and such scenario would not be desired. If maintaining trade is seen as important to continuing national prosperity and growth, leaders may even see this as an important element of national security (Russett and Oneal 2001: 130).

An alternative argument that addresses the positive correlation between economic interdependence and peace comes from a constructivist perspective: commerce serves as a channel of communication and socialisation for states on a broad range of matters beyond commercial exchanges (Russett and Oneal 2001: 130). Similarly, according to Hegre (2000: 5) interdependence causes “improved communication between the inhabitants of the trading states. This reduces the chances of misunderstanding and helps to building institutions for the peaceful resolution of conflict”. Parties get to know each other well and their preferences as well as expectations and identities are reshaped. Similarly, according to Souva and Prins (2007: 187), complex interdependence fosters a sense of community or shared identity helping to mitigate violent conflicts. This socialization provides an important platform to avert interstate conflict. Similarly, on rationalist terms, economic interdependence constructs a “security community” preventing conflict among each other (Deutsch et. al. 1957).

This section reviewed the academic literature on liberal peace by elaborating its propositions and presenting empirical findings from the tested cases. This review will continue in the next section by acknowledging the critiques on liberal peace.
2.3.b. The Critiques to Liberal Peace

Despite the widely accepted ontology of behind liberal peace (the idea that trade contributes to friendlier relations) as reviewed, it also received both ontological and methodological criticisms. Firstly, on ontological grounds a realist counter-argument is, trade and interdependence can turn into asymmetric dependence and increase vulnerability of countries. This means (i) the goal of state sovereignty and security can be disrupted (Waltz 1979, cited in, Souva and Prins 2007: 187) and (ii) as states focus on relative gains in the ‘anarchic’ and ‘self-help’ international system asymmetrical balance will shift the balance of power as stronger countries can increase their military power with the gains of trade. Thus, commercial dependence may increase countries vulnerability leading to an increase in conflicts rather than decreasing it (Souva and Prins 2007: 187). Similarly, according to the Marxist theory, liberal capitalist models of economy exacerbate the class gap and can trigger a clash between dominant economic classes and low working classes (Tziarras 2012: 6). On the same side, Barbieri (1996: 42) argued that “extensive economic interdependence increases the likelihood that dyads engage in militarised dispute”.

However, Souva and Prins (2007: 189) strongly argues referring to the extensive empirical research and literature (aforementioned) that the constraining effect of interdependence and trade on the use of force moves away from Barbieri’s stance. It has been widely confirmed that economic interdependence and democratic institutions reduces the likelihood of use of force and contribute into liberal peace. Such as, Souva and Prins (2007) found that trade dependence; foreign direct investment and democracy are statistically significant and have negative impact on initiation of militarised disputes. Democracy has pacifying effects on both under-developed and developed states. Additionally, they found that economic development and high levels of foreign direct investment generally has a positively correlated pacifying effect on foreign policy behaviour on both democracies and non-democracies. In non-democratic regimes at low levels of development the probability of initiation of a militarised dispute is over two and a half times higher than democracies. However, a very interesting finding is that, in developed non-democracies this likelihood drops to approximately the same level as democracies.
Secondly, the idea of liberal peace is rivalled on moral grounds as well, arguing that the state/peace building role the liberal democracy is seen as Western/ liberal neo-imperialism seeking to impose their own institutional systems and values on the host states rather than development and also to exploit them (Tziarras 2012: 1). The values trying to be spread are not universal values but reflect the values of western countries (Barkawi and Laffey 1999: 403). Paris (2010: 338) argues that, 

(Although) UN-sponsored missions still reflect the interests of the world’s most powerful countries – and therefore cannot be viewed as ‘innocent assistance’ – they have not principally been motivated by efforts to extract wealth from their host societies. On the contrary, the predominant flow of resources in contemporary peacebuilding has been in the opposite direction: from international actors to the host state (Paris 2010: 349).

Thirdly, democratic peace literature – ‘democratic countries do not fight each other and do not experience civil wars’ – also received criticisms. Although it is only in one case, three years after Friedman’s famous “McDonald’s” hypothesis, United States bombed Serbian capital Belgrade with seven McDonald’s restaurants (Schrodt 2004: 292). Moreover, Greece and Turkey, both democracies, were at brink of war due to unresolved issues in Aegean Sea. The Republic of Cyprus, although gained its independence in 1960, had a civil war and interstate conflict with Turkey in 1974 (Tziarras 2012: 5). These problematic cases can be explained through: (i) these countries may not have transited to full working democratic governance system. According to Paris (2004: 44), although market democracies are peaceful, the literature focuses on the states that have already made this transition, whereas the case is different in states in the process of transformation into democratic liberal market economies. Mansfield and Snyder (1995: 79-80) offers statistical evidence covering the past two centuries that “in this transitional phase of democratisation, countries become more aggressive and war-prone, not less, and they do fight wars with democratic states” because they go under rocky destabilising transitions “where mass politics mixes with authoritarian elite politics in a volatile way”. (ii) Satisfaction with the existing territorial borders is also an important aspect. Kacowicz (1995: 267) argues ‘satisfaction’ means states do not go to war each other if the well-established democracy is coupled with normative acceptance of existing borders and lack of territorial ambitions toward neighbouring states as well as a commitment to keep the status-quo in domestic and international spheres. However, there are different points of view
and the debate is still ongoing on the grounds that although the democracies are peaceful with democracies, they do go to militarised disputes with non-democracies.

Last but not least, the sharpest criticism is on the methodological application of the liberal peace in peace-building missions from the aspects of success, effectiveness, and public legitimacy. Richmond and Franks (2009: 183) study liberal peace-building missions in five cases (Cambodia, Bosnia, East Timor, Kosovo and, the Middle East) in detail and come to the conclusion that these interventions have mostly created “empty shells of states” and their institutions lack local legitimacy. On the other hand, the authors argue that, despite so many years spent, “the liberal peace-building project in Cambodia has been far from successful and has created little more than a virtual peace” (ibid.: 18). According to Paris (2004: 6) if the ‘success’ of these missions is defined simply through whether large-scale conflict/hostilities are not resumed in the aftermath of the peace-building mission, most of the operations deployed in 1990s15 were successful except Angola, Cambodia, Liberia, and Rwanda, which they relapsed into violence (Paris and Sisk 2009: 4-7; cited in, Bouris 2014: 10). However, if the standard of success is defined by “sustainable peace, or a peace that will endure long after the peace-builders depart from the country” as defined by Boutros Boutros Ghali and Kofi Annan, the results are less favourable (Paris 2004: 6). The reason is, in many of the host countries, the liberal peace efforts exacerbated social tensions and/or reproduced conditions that promoted violence in past (Paris 2004: 6). According to Paris, many of the problems experienced in peace-building efforts repeated themselves in other missions because of reluctance of peace-builders to commit themselves to the “slow task of transforming war-shattered states into stable democracies, and continued to place too much emphasis on rapid liberalisation at the expense of adequate institutionalisation.” (2004: 11).

According to Paris, there is nothing in the recent literature that can offer a convincing rationale to abandon liberal peacebuilding rather than reforming it (Paris 2010: 362). He proposes a new peace-building strategy prioritising institutionalisation before liberalisation. He argues that liberalisation efforts should be delayed until basic network of institutions are developed capable of managing and destabilising effects of liberalisation. Only in the following stage democratisation and marketization processes should be initiated in gradual

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deliberate stages. According to him “What is needed in the immediate post-conflict period is not quick elections, democratic ferment, or economic ‘shock therapy’ but a more controlled and gradual approach to liberalisation, combined with the immediate building of governmental institutions that can manage these political and economic reforms.” (Paris 2004: 7-8). Richmond and Franks suggest a little more comprehensive revision of the liberal peace-building, towards a new post-liberal peace-building. This strategy will be conceptualised by liberal-local hybrids able to realise basic liberal values in a localised and culturally sensitive way, in which peace-builders and local societies will cooperate to create a peace consensus, which does not necessarily rely on liberal state institutions (Richmond and Franks 2009: 183).

2.4. Operationalization of the Research

As it has been in the introduction (chapter 1), the main research question that guides this thesis is:

To what extent did the EU’s Green Line Regulation contribute to the development of economic cooperation in Cyprus?

In order to ‘unpack’ this research question, this thesis will do a policy trace, which fundamentally deals with development and implementation of the EU’s GLR in Cyprus. This will allow investigation of the extent to which the GLR contributed to the development of economic cooperation in Cyprus. The GLR’s contribution to the development of economic cooperation in Cyprus will be investigated from three aspects of economic activity across the Green Line, which are regulated by the GLR: movement of goods, services, persons. In order to put this question and focus in a conceptual framework, this section will combine insights from the academic literatures of Europeanisation and liberal peace, as reviewed in this chapter.

In this vein, the conceptual framework of this thesis borrows from the Europeanisation literature the insight on the three mechanisms of Europeanisation (see section 2.2.a). Accordingly, the EU effect in this thesis will be tested based on i) institutional compliance (to
the EU’s acquis communautaire), ii) change of domestic opportunity structures, iii) cognitive change. Specific attention paid to these mechanisms will help to identify and trace the EU-induced changes in the domestic level. Conceptually, this will help to investigate the EU’s ability to project its power and influence the ongoing contested statehood in Cyprus and facilitate its resolution by promoting the economic activity and the development of economic interdependence across the divide.

The main drawing from the liberal peace literature is the proposition that economic linkages and interdependence between conflicted parties create favourable conditions for conflict resolution. When two states become interdependent, they become prone to cooperation for managing their common future. This proposition resembles with the logic behind the EU’s post-accession involvement in Cyprus, which aims to facilitate reunification of the island through promoting development of economic interdependence between the north and south of Cyprus by the GLR. Therefore, this insight from liberal peace allows this thesis to conceptualise the EU’s post-accession involvement in Cyprus, specifically the political objective it pursues, as a liberal peace project. Accordingly, while Europeanisation and its mechanisms contribute to the conceptual framework of this thesis as a ‘process’ and a ‘vehicle’ (the GLR as the main instrument to drive the Europeanisation process), liberal peace contributes as the ‘ultimate destination’ or a ‘target’, which the Europeanisation process will ideally drive the island towards it.

Furthermore, as it has been demonstrated, Europeanisation is a complex process. Various intervening variables might be in the interplay of the Europeanisation process. On this basis, the preliminary expectation is that the Europeanisation process in Cyprus might be mediated from two aspects. The first one is, the institutional design of the GLR, particularly the extent to which the GLR adequately addresses the three economic activities. This is inherently positively correlated to the extent to which the Europeanisation process as well as the economic activity across the divide develops. Secondly, it is also expected that a set of factors at the domestic level might intervene and mediate the Europeanisation process. Firstly, implementation of the GLR at the domestic level will be a mediating factor. An inadequate design of the GLR is expected to give way to development of the legal framework as a mediating factor of the EU effect at the domestic level. Additionally, an incomplete or inconsistent application of the GLR at the domestic level will reduce the potential of
advancement of the EU’s liberal peace project on the island. Additionally, based on the unresolved conflict and the ongoing territorial and political contestation in Cyprus, it is expected that politics of division will be another mediating factor among both political elites as well as the civil society. Therefore, this thesis determines four factors, which will potentially mediate the EU effect at the domestic level: the roles of i) legal framework, ii) ethno-politics in political elites, iii) ethno-politics in civil society, and iv) governance.

Putting the design of the GLR and the domestic factors together, it is expected a GLR with an adequate design will lead to high levels of economic activity across the divide. On the other hand, an inadequate design will increase the chances that the EU effect is mediated by the factors at the domestic level, restricting the extent to which the economic activity across the divide occurs. The preliminary evidence suggests that the economic activity across the divide has remained dramatically low. On this basis, the first hypothesis of this thesis, which is empirically focused, is adopted:

**Hypothesis 1:** The EU’s liberal peace project, as reflected in the design of the GLR, was not adequate in promoting economic cooperation between the two communities in Cyprus.

Additionally, as outlined earlier, Europeanisation turns out to be a highly complex set of mechanisms and influences and do not always work in the expected direction - favouring conflict settlement in the context of conflict resolution (see section 2.2.c). This is due to the resilience of the conflict, which intervenes and negates the Europeanisation process. Accordingly, the EU’s liberal peace project’s success in Cyprus is dependent on whether the EU have paid attention to the resilience of the politics of division in the design of the GLR. The preliminary evidence suggest that such attention is a significant omission in the GLR. This aspect will be investigated under the second hypothesis of this thesis, which is also empirically focused, that:

**Hypothesis 2.** The EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

Informed by the enlargement-driven Europeanisation debate as reviewed in this chapter (section 2.2), Europeanisation is a significant tool in transforming various aspects of political and social life in candidate and new EU-member countries. However, rather than the
potential changes that the EU might have caused within the Greek Cypriot and Turkish Cypriot communities \textit{per se} and their public institutions, a particular question is how the enlargement-driven Europeanisation is affected by unresolved ethno-political conflicts in countries associated with the EU. The third hypothesis of this thesis will focus on this conceptual investigation. It puts forward that:

**Hypothesis 3.** The effects of enlargement-driven Europeanisation are severely constrained by ethno-political conflicts.

Finally, the last hypothesis of this thesis is also conceptually focused. It concerns with what lessons can be drawn from the Cyprus case regarding the proposition of liberal peace – trade facilitates conflict resolution and whether that proposition can be confirmed. Although a legal framework has been provided for the economic activity across the Green Line in Cyprus by the GLR, the fourth hypothesis of this thesis posits that:

**Hypothesis 4.** Liberal peace overestimates the effects of increased economic interaction as a tool of conflict resolution.

It should be underlined that this thesis does not aim at testing these hypotheses in a positivist manner. Rather, it will use them as guiding questions to be precise in analysis and have a specific focus to come back to in the conclusion of each empirical chapter (4, 5 and 6) and of the thesis.

This section presented the way that the research in this thesis will operationalise. It first revisited the research question established in the introduction (Chapter 1), developed a conceptual framework for the empirical investigation, and finally developed four working hypotheses. The next section will conclude this chapter.

### 2.5 Conclusion

This chapter sought to introduce the conceptual frameworks of Europeanisation and liberal peace. The first section of the chapter (2.2) reviewed the academic literature on Europeanisation. It was demonstrated that the Europeanisation debate started with the EU effect on the old member states and developed into the contexts of enlargement and conflict
resolution. Within the context of enlargement, the EU has been able to strongly project its power on the candidate countries and cause extensive changes regarding the political and economic aspects of life in candidate countries. In the context of conflict resolution, the EU influenced ethno-political conflicts in its region towards their resolution by linking the intended outcomes of steps towards resolution of conflict to the incentive of some integration into the structures of the EU. However, it was acknowledged that the Europeanisation process in conflict resolution can be much more complex and difficult with chances of not working in the expected direction.

The second section (2.3) of the chapter reviewed the liberal peace literature. It has outlined the main propositions of liberal peace, which is claimed that peace can be achieved, when the relationship of countries is driven by the notions of interdependence, democracy, free market economy, economic liberalisation, rule of law, and pacification. Presence of these conceptions makes countries less prone to militarised disputes and establishes favourable conditions for peace and peace-building. In the following, the section presented empirical findings about liberal peace and its critiques mainly from liberal peacebuilding missions. It has been indicated that despite the widely accepted ontology of liberal peace (that trade contributes to friendlier relations), the methodological application of it in peace-and state-building missions received strong critiques on the grounds that missions usually lacked of efficiency, legitimacy and clear definition of success.

The fourth section (2.4), aimed presenting how the research in this thesis will be operationalised. It revisited the research question established in the introduction (Chapter 1) and draw on the insights from the Europeanisation and liberal peace literatures in order to develop a conceptual framework for the investigation in the empirical chapters of this thesis (4, 5, 6). While it was clarified that the EU effect in Cyprus will be tested through the three mechanisms borrowed from the Europeanisation literature (institutional compliance, change of domestic opportunity structures, and cognitive change), the case-study under investigation will be framed as a liberal peace project (see section 3.5. in chapter 3) based in the insights from the liberal peace literature presented in this chapter. Finally, the section formulated four working hypotheses, which two are empirically-focused (1, 2) and two are conceptual focused (3, 4), to be employed in the thesis.
The next chapter will provide contextual information about history of the Cyprus conflict, development of the EU membership of the divided Cyprus, and the EU’s liberal peace project on the island. This will provide the basis for the empirical investigation in the main body of this thesis (chapters 4, 5, 6).
CHAPTER 3. THE CYPRUS PROBLEM IN HISTORICAL PERSPECTIVE
AND THE EUROPEAN UNION’S ROLE

3.1. Introduction

The previous chapter reviewed the academic literatures on Europeanisation and liberal peace and established a conceptual framework to be employed in the empirical chapters of this thesis (4, 5, and 6). This chapter aims to provide a review of the history of the Cyprus problem and an account of its pre and post-accession period into the EU, which will help to set the context for the empirical investigation in the remainder of this thesis.

It is very important to acknowledge the state of the social, political, and economic relations between the two groups in Cyprus in the pre-conflict period. Such understanding will answer the question of “integration of whom?” which will reveal significant characteristics relevant to the process of economic integration in Cyprus. Does the EU’s Green Line Regulation aim to facilitate re-integration of two previously integrated communities, whose relations were only cut off after division of the island? Or is it integration of two communities, whose social and economic relations were already fragmented and separate before the conflict? Therefore, the following section (3.2.) sheds light on the birth of the Cyprus dispute and development of mutually-exclusive nationalist expectations of the two communities on the future of the
island, which led to the island’s *de facto* division in 1974. Section 3.3 analyses the developments between 1990’s and 2004, from the EU membership becoming a priority for the RoC to the political developments leading to the referendums on the UN’s plan for reunification of Cyprus known as the Annan plan. Section 3.4 outlines the legal EU provisions on Cyprus. Sections 3.3 and 3.4 are vital in understanding the Cyprus-problem-induced impact on both Cyprus and the EU (two-ways of Europeanisation effect) due to interaction between the two for the EU’s enlargement to Cyprus. In the following, section 3.5 elaborates on what is called as the EU’s liberal peace project in Cyprus in this thesis by focusing on the legal measures, which the EU has adopted on Cyprus in the (or to be implemented in the) post-accession era of the island into the EU. Section 3.6 provides concluding remarks and completes this chapter.

### 3.2. Evolution of the Cyprus Problem

This section sheds light on the birth of the Cyprus dispute and development of fundamentally opposing views between the Greek Cypriot and the Turkish Cypriot communities on the future of the island, which led to the island’s *de facto* division in 1974.

Cyprus dispute has a long and complex history, which dates back to 1950’s. Changing various hands throughout the history due its geo-strategic location at the heart of the Eastern Mediterranean, the island has produced a classical example of a stubborn inter-communal conflict. The identities of the two main communities of the island has been re-defined overtime as Christians and Muslims under the Ottoman rule, Greeks and Turks under the British rule, and increasingly Greek Cypriots and Turkish Cypriots respectively as of the independence of the island in 1960. The two communities had been affected by the Greek and Turkish nationalisms in the British colonial time and increasingly began to develop separate national consciousness and different political perceptions on the island’s affairs throughout the 1950’s. The ethnic competition significantly escalated in late 1950’s, when it became clear that British had to end colonization of Cyprus and the island was about to go through a political change. Those separate perceptions of the two communities evolved into
clashing nationalist goals on the political and administrative future of the island, which emerged as the core of the Cyprus dispute.

Both communities had whole heartedly seen themselves ethnically as well as politically belonging to the bigger ethnic Greek and Turkish nations. While the Greek Cypriots had a national desire of unifying Cyprus undivided with Greece known as Enosis thesis and could not be substituted with any other alternative, the Turkish Cypriots developed their response and campaigned partitioning of the island between Turkey and Greece, known as Taksim thesis, an anti-thesis to Enosis.

Along the time period giving flesh and bone to the Cyprus dispute, the two communities never listened to each other, ignored the other’s expectations and fears and produced the slogans of ‘Enosis and only Enosis’ versus ‘Taksim or death’ and ‘Cyprus is Turk’. However, outcome of this process has been independence for Cyprus as a compromise between the UK, Greece, and Turkey; which was not desired by either community and did not satisfy either. A bi-national power-sharing partnership state named as the Republic of Cyprus (RoC) was established in 1960, however its political life had been significantly damaged with dissatisfaction on ‘self-determination right’, communal ‘fairness’ of the new state, as well as persisting nationalist goals. Within such political and social atmosphere, it did not take too long for eruption of the inter-communal fights, which led to break-up of this partnership state within only three years.

Due to continuation of the violent inter-communal clashes the UN deployed the UNFICYP mission to Cyprus in 1964, however did not go to a modification in their dealing with Cyprus to reflect on the fact that bi-communal state structures failed. Mediation efforts remained futile and this politically abnormal situation continued for ten years until the conflict had acquired a wholly different context in 1974, when the island divided into two ethnically segregated zones: Greek Cypriot south and Turkish Cypriot north with the Turkish military operation to the island. The RoC, which has turned into a solely Greek Cypriot run state in 1963, continued to operate in the south of the so called ‘Green Line’ that divided Cyprus, enjoying international recognition in the name of the whole Cyprus. On the other hand, Turkish Cypriots began to develop their administrative units in the north of the Green Line under the military protection of Turkey. The Turkish Republic of Northern Cyprus (TRNC)
declared its independence eventually in 1983, however it was not given international legitimacy and recognition and remains economically, politically, and socially isolated except by Turkey.

Countless international attempts to solve the conflict at its various phases had always failed, however another era started with the EU membership gaining priority for the RoC in 1990’s and the European Union’s (EU) stepping into the stage. The hopes were raised that, the EU could help to solve the, by then decades old, Cyprus problem by crafting a multi-layered federal compromise under its governance model. However, the membership prospect also failed to catalyse a reunification. Cyprus joined the EU divided on 1 May 2004 and the Cyprus problem was officially exported into the EU.

Such an atypical accession provided a new context for Cyprus as the EU had to develop political and legal ways to deal with Cyprus both as a need to reflect on the division of Cyprus as well as to contribute into a future comprehensive solution. In this regard, in practice application of the EU law (*Acquis Communautaire*) has been suspended in the north Cyprus with the Protocol Number 10 attached to the accession treaty in 2003. This protocol defined the line as a line that divides a member state without giving it an appearance of an external border. Under this protocol, the EU also adopted the Green Line Regulation (GLR) in April 2004 regulating and enabling crossings of goods, persons, and services; and specifies which rules apply to the line. The GLR, in addition to being a necessity, it also had the objective of working as a mechanism to promote interdependency and integration of the islands’ two economies in order to facilitate a future conflict settlement in Cyprus. On the similar tone, the EU adopted the Financial Aid Regulation in 2006, which provides financial and technical assistance to Turkish Cypriots with an emphasis on decreasing the financial cost of a future reunification.

### 3.2.a. From Christians and Muslims to Greek Cypriots and Turkish Cypriots (1571 – 1960)

In 1571 Ottomans conquered Cyprus and brought a wave of Anatolia Muslims to Cyprus. Having formed the second largest community of the island after Hellenic Christians, a new
relationship between the two groups developed. It has been found that the two religious communities enjoyed much in common and collaborated in almost every aspect of daily life showing some form of social and economic integration between the two groups, and significant economic activity during the Ottoman rule period (Cicek, 1993: 44). There is also evidence of language suggesting high levels of inter-communal interaction, which there has been as cross-fertilization between the two dialects and people usually spoke the other community’s language (Beckingham 1957a: 170).

The Ottoman rule period is frequently seen as a period of peaceful co-existence of the two groups in Cyprus. This is mostly because Ottoman’s millet administrative system distinguished groups on the basis of religion rather than ethnicity and left considerable freedom to non-Muslim religious groups to practice their faith and ‘self-rule’ themselves (Anthias and Ayres 1983: 61). Each group was a distinct entity represented by their recognised religious institutions, which also were helping for administration of the empire. Thus, although the two groups were apart from each other, their religious and lingual differences were not sufficient to trigger a conflict in the island (Beckingham 1975b: 66).

Beginnings of the 20th century witnessed transformation of the relations and deepening of ethnic division between the Turkish Cypriot and Greek Cypriot communities. In a broad image, two fundamental factors have been remarkably instrumental in this transformation: The patterns of administration that took place under the British Rule and growing hostile relations between Greece and Turkey. Re-organisation of social and political life in ethnically separated ways with the arrival of the British rule to the island in 1878 after a convention with the Ottomans has been very influential on this change (Joseph 1997: 17; Hitchens 1997: 45). For example, education was mostly given by religious institutions before the British. The new administration developed different schools for the two communities, whose curricula were organised separately in accordance with Greece and Turkey and highlighted religion, national heritage, ethnic values, and the long history of national rivalry between Greece and Turkey (Joseph 1997: 16). Such divisive educational system has been very significant in transforming the group of Christians and Muslims to ethnically distinct Greeks and Turks, respectively and politicisation of their ethnicities. Another example is the Legislative Council of the island that the British established as a part of the modern bureaucratic administrative system. In the council, British and Turkish Cypriot votes would equal to the Greek Cypriot votes, where the
governor also had a casting vote (Beckingham 1975b: 69). This meant British, joining forces with the Turkish Cypriots could outvote Greek Cypriots. Thus, organisation of political life also had an impact in the transformation of relations between the two groups of Cyprus. Pollis notes that “Great Britain was most instrumental in transforming identities and constructing ethnicity where it had not previously existed” (Pollis 1998: 93 cited in, Christou 2004: 30).

The impact of increasingly hostile relations between Greece and Turkey on the communities on the island has also played a strong instrumental role in transforming the two group’s relations. This led both communities of the island to increasingly define themselves more with their motherlands (Kizilyurek 2009: 27, cited in Kyris 2015) rather than belonging to a common Cypriot group of the island. As of the early 1920’s, increasing Greek nationalism on the island caused emergence of the Greek Cypriot desire to unify the island with Greece, which came to be known as Enosis thesis. This demand peaked in 1931 with the Greek Cypriot rallies for Enosis, which turned into riots and led to abolition of the Legislative Council (Stavrinides 1999: 19). Rise of the Greek nationalism and Enosis campaigns combined with the demographic and economic superiority of the Greek Cypriot community fed into the insecurities of the Turkish Cypriot community (Pollis 1996: 77, cited in Kyris 2015). Especially, within the context of relations between Greece and Turkey, which both inherently seen each other as the ‘enemy, union of Cyprus with Greece portrayed a fundamental insecurity to Turkish Cypriots (Morag 2004: 606).

Early 1950’s marks beginning of the bloody years to come in Cyprus. Makarios II, who then became the Archbishop of Cyprus and assumed the role of the political leadership of the Greek Cypriot community, has promoted activism for Enosis. On 1 April 1955, the Greek Cypriot guerrilla organisation called EOKA\textsuperscript{16} was established, which initiated an anti-colonial struggle against the British Rule for achieving Enosis. On the other hand, the Turkish Cypriots preferred continuation of the British rule over union with Greece and later on developed their Taksim thesis, which demanded partitioning of the island between Greece and Turkey as an anti-thesis to Enosis. Turkish Cypriots aided British\textsuperscript{17} in their response to suppress the guerrilla attacks of EOKA fighters, which made EOKA to direct its target to Turkish Cypriots (Walker

\textsuperscript{16} EOKA is the acronym of the Cypriot Fighters Organisation (Εθνική Οργάνωσης Κυπρίων Αγωνιστών/ Ethniki Organosis Kyprion Agoniston).

\textsuperscript{17} An Auxiliary Police Force was formed entirely of Turkish Cypriots, whose task was to control Greek riots and help British to fight EOKA (Stavrinidis 1999: 29)
2005: 88; Vanezis 1977: 8). A resistance organisation called TMT\textsuperscript{18} was formed by Turkish Cypriots in order to resist Enosis and struggle for Taksim. Soon enough, what has started as an anti-colonial struggle, predominantly being Greek Cypriot vs. British in its nature, has turned into a civil war in Cyprus. The outcome of this armed ethnic struggle has not brought about either of Enosis or Taksim thesis but instead, a third alternative came out as a result of negotiations between Greece, Turkey, and the United Kingdom: Independence.

The pre-independence period of Cyprus saw the birth of the Cypru problem, which also saw involvement of outside actors. Although the two groups had been apart and never defined they belonging to a common Cypriot community throughout the Ottoman rule period, they had fairly good relations and some degree of societal and economic integration. Construction of ethnicity during the British administration was followed by politicisation of ethnicity, which deepened the division between the two groups significantly. Similar to the ethnic division in social and political aspects of like, communities increasingly did less business with each other and each group traded with their own group.

3.2.b. From the Unwanted Independence to Division (1960 - 1974)

On 19 February 1959, a constitution basis for Cyprus was agreed in London. On that basis, a constitution was drafted and agreed along with two additional treaties of the Treaty of Guarantee and the treaty of Alliance on 11 February 1959 in Zurich. These three international treaties, which were signed by Turkey, Greece, United Kingdom, and leaders of Cypriot communities, granted Cyprus its independence and life to the Republic of Cyprus (RoC).

The RoC was a bi-communal state established based on a fairly complex constitution in order to ensure power-sharing between Greek and Turkish Cypriots and both communities had the status of co-founder and equal partnership of the Republic. The state had a Greek Cypriot president and a Turkish Cypriot vice-president elected by their communities separately each holding veto powers over legislation. Turkish Cypriots had 30 per cent participation in the new state structures and 40 per cent in army, 70 and 60 percent being Greek Cypriot participation.

\textsuperscript{18} TMT: Türk Mukavemet Teşkilati/ Turkish Resistance Organisation
respectively. The constitution allowed Turkish Cypriots to establish their own municipalities in the five big towns of Cyprus with necessary power for taxing and financing their own public services. (For more, see Ker-Lindsay 2005: 9-10; Sözen 1998: 22-33; Vanezis 1977: 13). Additionally, the Treaty of Guarantee gave the UK, Greece, and Turkey the right and responsibility to safeguard the RoC’s constitution against any breaching.

Independence of the island led to an unexpected outcome and deep cleavages in both communities. The bitter truth was that the RoC in practice meant the Greek Cypriots, who struggled for ‘Enosis and only Enosis’, and Turkish Cypriots, who resisted Enosis and struggled for ‘Partition or death’ in the colonial time had to cooperate to run the new state without healing their ‘wounds’(see Stavrinides 1999: 34). The initial position of the Turkish Cypriot leadership and the dominant discourse in their community in early 1960’s was somewhat in line with what can be characterised as the liberal tradition in the history of the Cyprus problem. Precisely, this tradition can be defined as the idea that the two communities can live together in peace and should embrace independence and the new republic as opposed to the nationalist right (Enosis and Taksim) as well as communist goals.\(^{19}\) For Turkish Cypriots, independence of the island was not desired but it was acceptable (Ker-Lindsay 2005:10). This is mainly because if the island was to unite with Greece, in other words Enosis was materialised, Turkish Cypriots could be an ‘unsafe’ minority in a big Hellenic country. Quite the opposite, independence of Cyprus with the 1960 Constitution safeguarded Turkish Cypriots with the complex power-sharing system of the constitution and promoted their communal status to the equal founding partners of the republic together with the Greek Cypriot community (ibid).

However, this liberal tradition emerged in the Greek Cypriot community only in late 1960’s and in a very different form, compared to the Turkish Cypriots’. The early responses of the Greek Cypriot community to the developments portrayed the independence of the island and the new constitutional arrangements as a ‘disappointment’ and ‘defeat’ (See Sözen 1998: 8; Vanezis 1977: 9). The new state of affairs not only detained Enosis, the ‘national struggle’ of

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\(^{19}\) Related to this discussion, section 6.2 in Chapter 6 sheds light on communist labour cooperation between the Greek Cypriot and Turkish Cypriot communities between late 1940’s and 1970’s. While this cooperation also indicates an example for Cypriots, who believed that the two communities could live together in peace, it is important to acknowledge that this is different to the aforementioned liberal tradition as the latter were not communists.
Greek Cypriots, it also legally banned union of the island with any other state as well as its partitioning. Furthermore, in the eyes of the Greek Cypriots the Turkish Cypriot community was a small ‘minority’, who were given too much say on the state affairs, deeply ‘humiliating’ the Greek Cypriot community (Stavrinides 1999: 3).

The RoC’s life started with the ‘sour’ words of the president Archbishop Makarios, who stated that he signed the international agreements under pressure, and Enosis as the national aim remains unchanged (Vanezis 1977: 19; also see Heracleides 2002: 82 on dissatisfaction of Makarios). For him the RoC was not the final and permanent end to the struggle but rather wanted ‘to complete the victory’ by achieving Enosis, which damaged Turkish Cypriot’s trust gap to the Greek Cypriots further. Moreover, the RoC partnership also significantly suffered from rewarding of nationalist activism. In the setting up of the new republic, the Greek and Turkish Cypriot nationalist activists become statesmen in filling the existing and new posts in civil service, police force, so on (Stavrinides 1999: 35). Thus, an image occurred that a professional career was depended on contribution to nationalist militancy and many people did their best to retain any nationalist struggle backgrounds (Stavrinides 1999: 35).

Various forms of nationalist statements fed the assertion of Greek Cypriots that the struggle was not over and cultural division deepened (Richmond 1999, 50). Streets and squares, social clubs, sports events were named after them EOKA fighters, radio and television continuously fed Greek Cypriot nationalist feelings. On Sunday church gatherings and national occasions, dead EOKA ‘heroes’ were honoured by Greek Cypriot politicians (Stavrinides 1999: 35). For example, Makarios stated at Kykko Monastery on 15th August 1962, when he said that “Greek Cypriots must continue to march forward to complete the work began by the EOKA heroes… The struggle is continuing in a new form, and will go until we achieve our goal…” (Sözen 1998: 90). He repeated his attitude on 13th March 1963, when he publicly reiterated his opinion that “the aim of the Cyprus struggle was not the establishment of Republic. These agreements only laid down the foundations [of the Greek Cypriot struggle]” (ibid).

Setting up a partnership state in absence of healing the wounds of the inter-communal relations did not serve for its purpose of settling political future of Cyprus but rather its impact has been straining of the inter-communal tensions further. Soon enough, what is known as the dispute known as ‘separate municipalities issue’ fuelled violence. Turkish Cypriots being
furious that the municipalities were not serving for Turkish quarters of the main towns decided to invoke their constitutional right and create their own municipalities. However, Greek Cypriots rejected this demand arguing that it would be impossible to establish separate municipalities (Ker-Lindsay 2005: 10). Greek Cypriots wanted changes to the constitution with the claim of making it more functional; however, to do this by decreasing Turkish Cypriots constitutional rights. Turkish Cypriot officials used their legislative vetoes frequently in order to block legislation, refused to pay taxes or blocked financial legislation (Stavrinides 1999: 3) to protest. The municipalities issue was taken to the Supreme Constitutional Court by Turkish Cypriots. Although the court ruling dated 25 April 1963 stated that Article 173 (Separate Municipalities rights) of the constitution had not been complied, Makarios said he would ignore the ruling. He declared the constitution ‘unworkable’ on 30th November 1963 and presented a list known as ‘thirteen points’ for ‘fixing’ the ‘impractical’ constitution. Amendments included even changes to the ‘unalterable’ basic articles of the constitution such as removal of the veto power of Turkish Cypriots, removal of the Turkish Cypriots’ right to have their own municipalities, so forth. The amendments were rejected immediately by Turkey on 16th December by Turkey, and in following by the Turkish Cypriot leadership. However, despite not receiving procedural approval from the Turkish Cypriots, consent of guarantor Turkey, decision of the Supreme Constitutional Court, and being against the 1960 international treaties, Makarios unilaterally and illegally amended the constitution on 30 November 1963. This development marked the break-up of bi-communal RoC partnership and has been a cornerstone event in the evolution of the Cyprus problem.

Since the unilateral amendment of the constitution in December 1963, one of the equal co-founders of the Republic has been missing. However, the two communities have different explanations on how these events were shaped. According to the Turkish Cypriot interpretation, the main objective of the amendments was to demote Turkish Cypriots status from co-founder equal partners of the Republic to the status of minority. This would transform the bi-communal republic into a unitary Greek Cypriot state. Additionally, president Archbishop Makarios dismissed the Turkish Cypriot cabinet of ministers, members of the House of Representatives as well as all the Turkish Cypriot civil servants and the Turkish Cypriot diplomats at the United Nations and in foreign capitals to cut the channels of the Turkish Cypriots to present their case to the world (Sözen 1998: 9-11). From the Greek Cypriot
interpretation, Turkish Cypriots left their positions in the state structures voluntarily and with the forcing of Turkish Cypriot leadership in order to protest ‘thirteen amendments’ and to form a separate Turkish Cypriot administration (Sözen 1998: 9-12).

Intercommunal clashes finally broke-out on 21 December 1963, known as ‘bloody Christmas’ in Cyprus, where people in both communities lost their lives. It turned into a larger scale fight quickly and spread to other parts of the island with student demonstrations, bomb explosions, and nationalist speeches. British leadership deployed a peacekeeping force in Cyprus along a line drawn by a green crayon, which came to be known as “Green Line”. A mediation effort in January 1964 in London failed to produce results and due to continuation of the fights, the United Nations Security Council created the United Nations Force in Cyprus (UNFICYP) (UNSC 1964) in order to provide a buffer area in March 1964. After military regime came to power in Greece in 1967, which gave full support to EOKA in their fight against Turkish Cypriots and whoever resists Enosis, violence against Turkish Cypriots has significantly increased by attacks and brought Turkey to the brink of a military intervention to Cyprus (Ker-Lindsay 2005: 12). While couple of mediation attempts by the UN failed earlier, UN sponsored intercommunal talks began in 1968. Until 1974, these talks were held by the presidents of the communal chambers, Glafkos Clerides of Greek Cypriots and Rauf Denktash of Turkish Cypriots; however, produced only little progress due to major disagreements on state structures.

As of 1968, a deep cleavage began to crystallise within the Greek Cypriot community between those who were pro-Enosis and pro-independence of the island. Although Makarios was the lead of the Enosis thesis in the Greek Cypriot community, there was a major dispute growing between Makarios and military regime in Greece. Makarios increasingly believed that Enosis would not be attainable in short term, which forcing it would lead the island to division (Kızılyürek 2016: 480). While the military regime demanded a quick and effective unification, Makarios favoured a gradual approach to Enosis through practices such as ‘sending away’ or ‘killing’ if necessary those who resist Enosis (Sözen 1998: 16). According to some, Makarios even completely abandoned Enosis in favour of an ‘attainable solution’ (Panteli 1990: 224; Ker-Lindsay 2005: 13). This meant embracing independence of the island and the Republic of Cyprus, which can be interpreted as the development of the liberal tradition in the Greek Cypriot community. However, a significant point to acknowledge is that those, who supported
this political position in the Greek Cypriot community, continued to believe that Turkish Cypriots should not be influential in the decisions and functioning of the republic. This corresponds to the thinking that Cyprus ‘was’ and ‘had to’ remain as a Hellen island, where giving the Turkish Cypriot community too much say on the republic was not acceptable. Therefore, the liberal tradition in the Greek Cypriot community meant accepting and embracing independence of the island and the Republic of Cyprus, where Turkish Cypriots would be a ‘minority’ as opposed to the 1960 constitution.

On 15 July 1974 Greek military junta made a coup d’état against president archbishop Makarios with the Cyprus National Guard, however he managed to flee from the island and made speech at the UNSC meeting in New York, where he said that Cyprus was invaded by Greece (UNSG 1780th Meeting). The pro-Enosis extreme nationalist Nikos Sampson, leader of the EOKA-B, was deployed to head of the new state. Sampson regime did not only mean a huge threat to Turkish Cypriots as well as to Greek Cypriots, who supported Makarios, but Turkey also perceived threat of ‘enemy’ Greece having greater access to southern borders of Turkey. The UK did not give Turkey the support it sought for a military operation. Within five days, in reference to the guarantor’s rights under the Article IV of the Treaty of Guarantee, Turkey intervened into the island by military troops on 20 July 1974 with a back-up operation on 14 August 1974 and captured one-third of the island (36 per cent) and secured a safe land for Turkish Cypriots creating the current border in the island. This operation has been a major issue that caused political turmoil in Greece and caused collapse of military regime on 23 July. The effect of the war has been tragic. Thousands of people had been killed, wounded, had been missing from both communities and about two hundred thousands of Greek Cypriots and Turkish Cypriots has been displaced. Since then, Greek Cypriot and Turkish Cypriot communities are living in segregated in the south and north of the Green line, respectively.

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20 Britain refused to take an action under the Treaty of Guaranty on the grounds that “any changes in the personnel of the Government of Cyprus were not covered by the Treaty.” (see Vanezis 1977: 2)

21 Article IV:

- In the event of a breach of the provisions of the present Treaty, Greece, Turkey and the United Kingdom undertake to consult together with respect to the representations or measures necessary to ensure observance of those provisions.
- In so far as common or concerted action may not prove possible, each the three guaranteeing Powers reserves the right to take action with the sole aim of re-establishing the state of affairs created by the present Treaty (see MFA 1960).
Division of Cyprus changed parameters of a future settlement significantly. Turkish Cypriots upgraded the earlier administrative units, which they used for 10 years in their enclaves, and named it the Turkish Federated State of Cyprus in February 1975. They hoped that it could be a federated state for Turkish Cypriots under the Republic of Cyprus; however, this demand was rejected by the RoC as well as by the UN. In 1977, Makarios and Denktash signed a High Level Agreement under the UN framework and a more consolidated version of this agreement was signed between the then Greek Cypriot leader Kyprianou and Denktash in 1979. These Agreements indicated that a future solution in Cyprus will based on a bi-zonal, bi-communal federal state solution. The two sides carried on UN sponsored talks on aforementioned basis; however, talks again remained futile due to disagreements on the meaning of the concept ‘bi-zonality’. While Greek Cypriots wanted tight federation closer to being a unitary state, Turkish Cypriots favoured a very loose federation similar to a confederation.

Turkish Cypriot community eventually established independence on 15th November 1983 by establishing the Turkish Republic of Northern Cyprus (TRNC). The UN immediately responded with the Security Council decision 541 (and with the decision 550 in 1984) that independence was legally invalid and called “upon all States not to recognise any Cypriot State other than the Republic of Cyprus” (UNSG Resolution 541). On the other hand, according to a general understanding in Turkish Cypriots, declaration of TRNC was needed to strengthen the Turkish Cypriot position on the negotiations table because otherwise Greek Cypriots would not offer them more than minority rights. Denktash informed the Secretary-General that the move was not intended to kill settlement hopes but to guarantee that settlement could be ‘truly federal in nature’ (Ker-Lindsay 2005: 17).

The intercommunal peace-talks continued also after 1983 with couple high times for a solution. However, Cyprus conflict remained as a frozen conflict since 1974 and the only concrete outcome of the negotiations have been 1977 and 1979 UN High level agreements. From 1990’s another actor stepped into the context: The European Union. In the early 2000’s a real ‘window of opportunity’ emerged to solve the Cyprus problem through the carrots of the EU membership. The following discussion will elaborate on development of the EU membership of the divided Cyprus and the aborted UN peace plan in 2004.
3.3. EU Accession of Divided Cyprus

The previous section focused on the development of the Cyprus dispute and the *de facto* development of the island in 1974. This section analyses development of the EU membership of the divided Cyprus between 1990’s and 2004. Particularly, it focuses on how the EU membership became a priority for the RoC and the political atmosphere leading to the referendums on the UN’s plan for reunification of Cyprus known as the Annan plan.

3.3.a. The EU ‘Catalyst’ and Pre-Accession Inter-Communal Negotiations

Becoming a member of the European Union has increasingly raised a political priority for the Republic of Cyprus in the late 1990’s for the potential political and economic benefits that the membership would bring. On the economic side of the benefits, most of the European trading partners of the RoC, especially the UK, were or becoming the EU members. Economic interest of the RoC was lying in Europe and Cyprus could not stay outside of the evolving European integration project. However, there were also significant political considerations in the EU membership interest of the RoC.

As of 1974, Greek Cypriots mostly read the division, the Cyprus problem, as a problem of invasion by a foreign country – Turkey – to their country. Potential instruments to apply pressure on Turkey and prevent international acceptance of another Cypriot state in the north were ultimately important to the RoC. On the other hand, Turkey as an EU aspirant country has been patiently waiting at the EU’s doorstep since 1987 to join in the Union. If the RoC could achieve to join the EU prior to Turkey, the RoC could utilize the EU membership as a leverage instrument to apply pressure on Turkey from inside the EU. Such a membership would also significantly bolster the Greek Cypriot bargaining power and would help to shape a conflict settlement solution with lesser political concessions to Turkish Cypriots. Additionally, in case of continuation of the Cyprus problem, an EU membership would secure

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22 At this point it is significant to acknowledge that EU candidates need approval of the existing member states in order to become a member in following to competition of accession negotiations and conditionality requirements.
the RoC’s existing international position as the sole legitimate state of the island as a member state as well as further consolidating the TRNC as a secessionist illegal political entity.

Until the RoC applied for the EU membership in 1990, the EU’s mere reaction towards the Cyprus problem has been the then European Political Cooperation (EPC)’s exceptional declaratory reactions condemning Turkey’s invasion of Cyprus and calling for a ceasefire in 1974. The RoC’s application to the EU in 1990 enabled the EU, which has often been labelled as a ‘transformative power’ in the region, to exert its influence to the frozen conflict. However, the EU’s initial reaction was reluctant and cautious to not to import the ethno-political conflict into the Union (Verney 2009: 127). Cyprus could initiate membership negotiations after Cyprus problem was solved (Commission of the European Communities June 1993; Nugent 2000: 136-8). However, Greece has successfully blackmailed the EU to veto Customs Union with Turkey and also the big eastern enlargement underway, unless Cyprus was included into the next enlargement (Ercin 2008: 185). There was also a strong influential argument within the EU that membership prospect given to the RoC could play a ‘catalytic’ role in solving the Cyprus problem by attracting the intransigent Turkish Cypriot leadership23 (Tocci 2004: 561; Verney 2009: 128; Akcali 2009: 189; Diez and Tocci 2009). Furthermore, in view that the UN Security Council was holding the Turkish Cypriot side under Denktash’s leadership responsible24 for the persisting problem after years of fruitless negotiations, eventually potential membership of the RoC to the EU was ‘morally justified’ (Ker-Lindsay 2005: 4).

With the Corfu European Council in June 1994, the EU began to gradually change its reluctant attitude on the RoC’s membership by concluding that “…the next phase of enlargement of the Union will involve Cyprus and Malta” (European Council 1994: 2b). The Luxembourg European Council in December 1997 confirmed that membership talks could start with the Republic of Cyprus in 1998 (European Council 1997: Par 27) and the Helsinki European Council

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23 “The accession of Cyprus should benefit all communities and help to bring about civil peace and reconciliation. The accession negotiations will contribute positively to the search for a political solution to the Cyprus problem through the talks under the aegis of the United Nations which must continue with a view to creating a bi-community, bi-zonal federation.” (European Council 1997: Par 28)

24 Denktash was an intransigent and stubborn negotiator, who was famed as ‘Mr. No’, due to his attitude in rejecting Greek Cypriot proposals unless the latter would acknowledge existence of two communities with two self-determination rights on the island.
in December 1999 formally detached the EU membership and Cyprus problem issues by declaring that solution of the problem would not be a pre-condition for RoC’s membership and The EU conditionality was dropped (European Council 1999: 9b). The EU’s intention was that membership could be a ‘catalyst’ in the solution of the problem; however, if not Cyprus was going to be a member regardless its consequences.

Until the Helsinki European Council in 1999, Denktash (and Turkey) did not expect the EU would allow divided Cyprus with its unresolved frozen ethno-political conflict to join the Union. However, Helsinki conclusions made Turkish side uncomfortable. This time Denktash made a surprising move and invited the Greek Cypriot leader Glafcos Clerides for a dinner in his house to talk and evaluate political developments of the island in December 2001, which was followed by another dinner in Clerides’ house. With a common decision a new round started under the UN’s auspices in January 2002. Denktash once more tried to convince the Greek Cypriot side for a two-state confederation. The process again was not fruitful; however, due to the pressing EU enlargement schedule of Cyprus, the UN came up with a document called “The Basis for Agreement on a Comprehensive Settlement of the Cyprus Problem”, known as the Annan Plan I and presented it to the sides in November 2002. Although this plan was not the first plan of the UN presented for Cyprus, it was certainly the most ambitious, holistic and detailed attempt for a comprehensive settlement of the Cyprus problem (Christou 2004). The UN internalized all previous agreements, convergences, and filled in the gaps to give them a “flesh and bone” (Sözen 2008: 88). Negotiations were to continue on this document in order to finalize it before the December 2002 Copenhagen European Council, where it was expected that final agreement could be reached before the official membership decision of Cyprus would be made official (Ker-Lindsay 2009, 157).

In Copenhagen, a meeting was held, where the two sides and guarantor countries joined. Turkish Cypriot official had gone under pressure to sign the agreement; however, Denktash

25 “The European Council underlines that a political settlement will facilitate the accession of Cyprus to the European Union. If no settlement has been reached by the completion of accession negotiations, the Council’s decision on accession will be made without the above being a precondition. In this the Council will take account of all relevant factors.” (European Council 1999: 9b)

26 1977 and 1979 high level agreements, fundamental principles of Set of Ideas.
reacted\textsuperscript{27} furiously that “Turkish Cypriots could not be forced into an agreement that they had not been able to negotiate” (Ker-Lindsay 2005: 45). In that EU summit, the EU reiterated its strong desire to see a united Cyprus prior to the eventual accession and announced the official decision that the RoC was becoming a member, regardless continuation of the division. This decision has been a historical landmark event, which shaped the whole future political and legal context for both sides in Cyprus. Shortly after, this decision was further consolidated in Athens on 16 April 2003, when the RoC signed the EU accession treaty along with other nine candidate countries.

Having secured the unconditional EU accession, the hardliner front strengthened in the Greek Cypriot presidential elections running an ‘Oxi / No’ campaign and Tassos Papadopoulos won the Greek Cypriot presidential elections on 28 February 2003. On the other hand, the new EU-aspirant AKP government in Turkey, who won the November 2002 general elections, wanted to clear Turkey’s EU path from the Cyprus problem and unlike the traditional continuous support of Turkish governments, the AKP did not give support the Turkish Cypriot leader. The peace-talks collapsed at a meeting in The Hague in 2003, when Denktash refused to put a revised version of the Annan Plan into referendum. He was exposed to Turkey’s criticisms for his stubborn attitude as well as increasingly of public for the first time. In following, Denktash had gone under pressure and opened the border for both-ways crossings on 23 April 2003 for the first time since the division in 1974. Turkish Cypriots, who were tired of their international isolations as well as the impact of 2003 economic crisis in Turkey on their economy, began to demand immediate solution to the Cyprus problem with very large ‘Evet / Yes’ public demonstrations for peace. The Republican Turkish Party (CTP) in north Cyprus led by Mehmet Ali Talat became the strongest party in the Turkish Cypriot Parliament elections, which further weakened Denktash as the leader and negotiator (see Ker-Lindsay 2009: 158).

Turkey run an international shuttle diplomacy expressing their clear desire to reach a solution before the date of accession in May 2004 and the negotiations resumed on 19 February 2004 (Sözen 2008: 89). This round was an arbitrated mediation by the UNSG Annan, where the UN would fill in gaps of the plan, if any remains by 29 March (Sözen 2008: 89; Ker-Lindsay 2009: ...

\textsuperscript{27} He did not go to Copenhagen due to health problems. He appointed a negotiator and joined the meeting via telephone.
161). This time the new hard-liner Greek Cypriot leader Tassos Papadopoulos began to weaken the process with refusing to negotiate. The UN filled in the gaps and presented the fifth and final version of the Annan plan on 31 March 2004. Both sides endorsed the plan set separate simultaneous referendums to take place on 24 April 2004.

### 3.3.b. Annan Plan Referendums: The Greatest Opportunity Missed

Turkish Cypriot community and Turkey strongly supported the plan despite Denktash’s attitude. However, unfortunately this support came very late. The Greek Cypriot side pursued a less flexible policy and turned against the Annan Plan by the time Turkish Cypriots supported it (Ziegler 2008: 153; Tocci 2007: 38; Kaymak 2008: 237). Although the EU membership prospect has been very influential in transforming Turkish Cypriot political position, the EU’s unconditional membership prospect to the Greek Cypriots made the latter to lose their motivation in the reunification and strengthened the ‘Oxi/No’ campaign in the south. At this stage, the Greek Cypriots focused on how bad and ‘unjust’ the Annan plan was, disregarding the positive aspects. For example, the plan included temporary restrictions with the consent of the EU on the freedoms of property and settlement in order to address Turkish Cypriot insecurity of domination of Turkish Cypriot state by the more populous Greek Cypriots. However, it was argued by the Greek Cypriot elite that due to such restrictions the plan was not ‘European’ enough (Kaymak and Vural 2009: 86). Greek Cypriot president, Tassos Papadopoulos also significantly dramatized the issue by crying on the Greek Cypriot national television channel PIK as well as with an official presidential press release calling people to reject the plan:

> If the sovereign people reject the Plan by their vote, the Republic of Cyprus will become a full and equal member of the European Union. We would have achieved the strategic goal we have jointly set, i.e. to upgrade and shield politically the Republic of Cyprus… (Papadopoulos 2004)

Upon this development, the then enlargement Commissioner Günter Verheugen put harsh words on Papadopoulos speaking in Strasbour to the MEPs that “I personally feel that I have been cheated by the government of the Republic of Cyprus” (Spiteri 2004). The RoC failed to
keep its promise of giving full support to reunification efforts, which has been very influential in the EU’s decision to include Cyprus in the Eastern Enlargement. Eventually, Greek Cypriots rejected the plan 76% and Turkish Cypriots accepted 65% in the referendums and whole Cyprus became an EU member divided under the name of the RoC on 1 May 2004, while the RoC lacked any control over north Cyprus.

After the referendum the Secretary General Annan, reporting on his mission of good offices in Cyprus called the Members of the UN Security Council to “give a strong lead to all States to cooperate both bilaterally and in international bodies to eliminate unnecessary restrictions and barriers that have the effect of isolating the Turkish Cypriots and impeding their development” (UN 2004: par. 93). According to Annan, this would be a ‘gift’ to Turkish Cypriots without meaning recognition of TRNC. Turkish Cypriot approval vote has undone the rationale behind restrictions - demanding secession (UN 2004). However, this report’s suggestions were never implemented by the Security Council members due to various political considerations of different areas in the World.

A historic opportunity of joining the EU together as the United Cyprus Republic (UCR) and solving the decade’s long solidified problem was missed and Cyprus problem has become an internal problem of the EU. Things turning out to produce unintended consequence of wasting all reunification efforts also hindered the EU’s actoriness in the region as well as ‘prestige’ of the use of EU membership carrot in ethnic conflicts and contested statehood in Europe.

3.4. The EU’s Post-Accession Involvement and its ‘Liberal Peace Project’ in Cyprus

The previous discussion has explained how the EU accession of the divided Cyprus have developed on the political aspects. This section will shed light the legal measures, which the EU adopted in the late pre- and post-EU accession periods of Cyprus.

The divided Cyprus’ EU membership was officially announced in the December 2002 Copenhagen European Council. This decision made it necessary for the EU prepare itself to tailor a legal framework for the atypical case of enlargement to the divided Cyprus. The EU
produced the legal provision known as the Protocol Number 10 attached to the official accession agreement (Act of Accession) of 16 April 2003. This protocol proclaimed that as of 1 May 2004, application of the EU law will be suspended in the north part of Cyprus due to absence of control of the RoC on those areas until a comprehensive solution to the Cyprus problem. This means that the EU had already prepared itself to accede Cyprus into the EU divided in 2003 and it was set to happen in 1 May 2004 regardless continuation of the division, tough the EU frequently stressed its preference for a united Cyprus. Acting through this preference, the UN’s Annan plan was a last try of the international community in attempting to reunify the island before 1 May 2004. However, the results of the 24 April referendums on the UN’s plan for comprehensive solution of the Cyprus problem made it clear that the divided Republic of Cyprus (RoC) was not to be replaced by the federal compromise of United Cyprus Republic (UCR) and Cyprus was becoming a member divided. On 1 May 2004, Cyprus became an EU member. While in principle the whole island became an EU member, in practice application of the EU Law (acquis communautaire) was suspended in the north Cyprus in accordance with the Protocol 10.

Another significant aspect to acknowledge is that the EU had to strike a balance with the political consideration of avoiding the Green Line appearing as an external border. For this reason, under Article 1 of the Protocol 10, the north Cyprus is described as “those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control”, and south of the Green Line was referred as ‘areas in which the Government of the Republic of Cyprus exercises effective control” in the Article 2 (1). With this approach, the EU does not treat the border as an external border of a member state, but rather a line that divides the territory of the member state Republic of Cyprus as the ceasefire as of the events of 1974. However, tough this approach make the Green Line appear like purely internal issue of the RoC, in practice this is not true. The line is also a line that separates two areas, where in one the acquis is applied and in the other it is not.

The European Commission made a proposal for a further legal provision under the Protocol 10 in March 2004 prior to the date of accession of Cyprus, known as the Green Line Regulation (GLR). It is important to acknowledge the two main reasons in proposing this provision, which one was legal and other was political (Interview no.12, no.15). The legal reason stems from the Article 2(1) of the Protocol No 10, which stipulates that this decision of suspension of the
EU law in the north Cyprus made it “necessary to provide for the terms under which the relevant provisions of EU law shall apply to the line” (European Council 2003). Meaning, a further legal provision was a need in order to take into account the legal reality that the north was going to be outside the customs and fiscal territory of the EU. In this regard, The GLR regulates movement of persons, goods and services across the Green Line and intends to facilitate trade and other links between the sides, while ensuring the EU standards of agricultural protection are maintained as will be shown further down.

The second reason of the proposing the Green Line Regulation was political. The EU didn’t want to completely separate Turkish Cypriots from the benefits of the EU Membership of Cyprus; tough north was going to be territorially excluded from application of the EU law. Turkish Cypriots enjoyed trade preferences for their products until 1994 under the Association Agreement between Cyprus and the EU in 1972. However, as of 1994, Turkish Cypriots lost this opportunity with the Anastasiou I\(^{28}\) judgement of the European Court of Justice (ECJ). The ECJ prohibited use of any certificates including phytosanitary certificates, which is required for trading of agricultural products, issued by the authorities of the non-recognised ‘TRNC’. This ruling prevented best-selling Turkish Cypriot products citrus and potatoes requiring phytosanitary certificate enter into the EU, when they arrived from any port in the north Cyprus. This was a significant harm to the Turkish Cypriot economy and was perceived as a trade embargo imposed by the EU. Therefore, the EU wanted to find ways to substitute such certificates with documents to be issued by non-state entities in order to enable Turkish Cypriots to trade within the island and with the EU. Thus, the GLR proposal followed a two-fold approach on this matter: Certificates of origin were to be issued by the Turkish Cypriot Chamber of Commerce (TCCoC), which was an institution established before 1974 events and recognised by the RoC. Phytosanitary certificates were to be issued by independent experts from the EU Member States appointed by the European Commission for this purpose. This approach allowed overcoming of hurdles set up by the ECJ; however, this approach did not affect the political status of the ports in the north Cyprus.

In following, the two separate simultaneous referendums were held in Cyprus on the UN’s Annan plan on 24 April 2004, where the Turkish Cypriots accepted the plan and the Greek

\(^{28}\) Case C-432/92, European Court reports 1994 Page I-03087
Cypriots rejected. The EU, for living up to its promises to Turkish Cypriots set its policy with regard to the Turkish Cypriot Community on the General Affairs and External Relations Council on 26 April 2004 by calling an end to their isolations with the following conclusions:

The Turkish Cypriot community have expressed their clear desire for a future within the European Union. The Council is determined to put an end to the isolation of the Turkish Cypriot community and to facilitate the reunification of Cyprus by encouraging the economic development of the Turkish Cypriot community. The Council invited the Commission to bring forward comprehensive proposals to this end, with particular emphasis on the economic integration of the island and on improving contact between the two communities and with the EU (Council of the European Union 2004).

Within the same week, there has been striking differences between the Commission proposal of the Green Line Regulation on 2 March 2004 and with its final version of the Regulation. The GLR was discussed in COREPER (Committee of Permanent Representatives) and many member states wanted to reward Turkish Cypriots for their “YES” vote by offering them a more beneficial trade regime (Interview no.12). In the initial proposal, the Commission only included wholly obtained products such as citrus fruit into the scope of the draft regulation. This attitude was in order to accommodate sensitivity of the RoC on the legality of the use of ports in the north Cyprus. However, in following to the referendum results, Member states unanimously decided include processed goods such as goods that have undergone substantial processing in the north, which considerably expanded the scope of the GLR. With the spirit of the General Affairs council conclusions, the then 15 Member States decided to accept use of ports in the north for the import of raw materials for the production of processed goods. The Green Line regulation 866/2004 was adopted on 29 April 2004, before the RoC joined the EU, under the Article 2 of Protocol No 10 and entered into force as of 1 May 2004. Crossings of goods, persons, and services will be examined in depth in the following chapters 4, 5, and 6.

In following to the decisions in the Council and COREPER, the Commission additionally proposed two mutually exclusive regulations for Turkish Cypriot community on 7 July 2004, in the post-accession period of Cyprus. Direct Trade Regulation29 was aimed to (re)grant trade

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29 The full name of the regulation is “Commission proposal for a Council Regulation on special conditions for trade with those areas of Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control COM”, (2004) 466 final of 7 July 2004.
preferences to Turkish Cypriot goods shipped directly from a port in the north to the EU (European Commission 2004c). The second one is the Financial Aid regulation (European Council 2006), which the EU allocated 259 million Euros in order to support economic and social development of Turkish Cypriot community and the infrastructure in the north with an emphasis of reconciliation and reunification (see section 3.4.b). These proposals did not pass due to fundamental objections of the Greek Cypriots led RoC with the argument that this would mean ‘upgrading the status of the TRNC’, the ‘pseudo state’. After two years of delay, the EU detached the two regulations from each other and achieved to pass the Financial Aid Regulation 389/2006 in 2006, while Direct Trade Regulation so far remained under Greek Cypriot veto. Turkish Cypriots perceived this as the EU failed to live up to its political promises to them. The next sub-section aims show what these regulations meant as a strategy together as well as relevance of this strategy to the concepts of Europeanisation and Liberal Peace.

**FIGURE 1. The Legal Measures of the EU on Cyprus**

<table>
<thead>
<tr>
<th>Name</th>
<th>Proposed</th>
<th>Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protocol No. 10</td>
<td>2003</td>
<td>2003</td>
</tr>
<tr>
<td>Direct Trade Regulation</td>
<td>2004</td>
<td>Under the RoC veto, pending.</td>
</tr>
<tr>
<td>Financial Aid Regulation</td>
<td>2004</td>
<td>2006</td>
</tr>
</tbody>
</table>

This section shed light on the legal measures, which the EU adopted in the late pre- and post-EU accession periods of Cyprus. The next section will tease out the links between these legal measures and how they can be framed as a liberal peace objective.

### 3.5. Reflections on Liberal Peace and Europeanisation: the EU’s Liberal Pace Project in Cyprus

The previous section outlined the legal measures, which the EU adopted in the late pre- and post-EU accession periods of Cyprus. This section aims at developing what is called in this thesis as the EU’s liberal peace project in Cyprus.
The atypical case of enlargement to the divided Cyprus produced significant results in both pre- and post-EU accession periods as overviewed in the previous sub-section. Thus, in the whole enlargement period (pre- and post-) Europeanisation and liberal peace concepts become highly relevant in analysing the Cyprus Problem-induced effects on both the EU and Cyprus as an outcome of this process. This sub-section will show how the two concepts together complement the bigger picture of EU’s post-accession involvement in Cyprus.

Europeanisation concept is highly relevant in capturing the changes that stem from the two-ways relationship between the EU and Cyprus due to accession of the former to the latter. The EU accession of Cyprus made effects on both ways of the Europeanisation process (*uploading* and *downloading*). The Cyprus problem was ‘Europeanised’ as it was *uploaded* into the EU level with the accession, which made it an internal problem of the Union. On the other hand, as a result of this process it became inevitable for the EU to legally and politically adapt itself to enlargement to the divided Cyprus in order to accommodate the problem into the EU law. The EU responded with creating the legal provisions of Protocol 10 (prior to accession in 2003) and Green Line Regulation, which were *downloaded* from the EU level to the member state level in Cyprus. The EU created the two further provisions of Financial Aid Regulation and Direct Trade Regulation (did not pass) in the post-accession period as a reward to Turkish Cypriots for their ‘YES’ vote in the Annan Plan referendum (see section 3.b) as well as in order to maintain its complex links with its new ‘citizens’. Thus, another wave of *downloading* happened in the process of Europeanisation of Cyprus. The effects of Europeanisation have been an ongoing process due to various amendments to the Green Line Regulation, renewal of aid to Turkish Cypriots under the financial aid, as well as occasional continuation of the discussions on Direct Trade Regulation. Additionally, Europeanisation continues due to monitoring and annually reporting of the Green Line Regulation by the European Commission, which measures has been taken in Cyprus in order to tackle the European Commission’s demands, which will be studied in depth in Chapters 4, 5, and 6.

From the aspect of liberal peace, it is significant to recall the argument, which helped to change the EU attitude on Cyprus from excluding it from membership due to the division of the island in 1990’s to opening and completing the accession negotiations in 1998 and 2003 respectively (see section 3a). This was the claim that opening of the accession negotiations could transform the status-quo of the frozen stubborn conflict and the EU membership
prospects could catalyse a comprehensive solution on the island through attracting Turkish Cypriots. This is particularly relevant to the debate of Europeanisation in the context of conflict resolution, which the EU aims to influence conflicts towards resolution by linking the objectives to some degree of integration into the EU’s structures. This intention was present in the whole pre-accession period and has been very relevant to liberal peace, which proclaims that common economic (and political) interests bring communities towards increased political engagement (see chapter 2).

Despite the EU membership failed to catalyse a reunification, employment of liberal peace thinking has continued in a different context in the post-accession period. It is important to capture this by bringing the legal provisions from this Europeanisation process together and acknowledging the liberal peace logic behind those provisions. The Council decisions of the EU on 26 April proposed lifting the isolations of the Turkish Cypriots; however, the EU’s target was bigger than that. The EU aimed to reward the Turkish Cypriot community in a way that would create interdependence and economic integration on the island in order to bring the two sides closer and contribute into a potential comprehensive solution. This is reflected in the Council conclusions dated 26 April that in ending the isolations,

The Council invited the Commission to bring forward comprehensive proposals to this end, with particular emphasis on the economic integration of the island and on improving contact between the two communities and with the EU. (Council of the European Union April 2004)

Thus the objectives of economic integration, improving contacts in order to facilitate a potential comprehensive solution become internal parts of all of the EU’s legal provisions and programs in relation to the division of the island and Turkish Cypriots. As such, the Green Line Regulation proclaims that:

This regulation is intended to facilitate trade and other links between the abovementioned areas [the north Cyprus] and those areas in which the Government of the Republic of Cyprus exercises effective control [the RoC] (European Council 2005a: par.5).

On the same tone, according to the Financial Aid Regulation, this regulation intends 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 for the (full application of) acquis communautaire (following to a solution to the Cyprus problem) (European Council 2006: Article 1).

Therefore, it is evident that the EU’s post-accession involvement in Cyprus and each one of its legal measures are not merely limited to the ‘legal need’ of accommodating the EU membership of the divided Cyprus into EU law but is also framed with ‘political objectives’, which the EU aims to facilitate conflict resolution on the island by fostering economic interdependence and integration between the north and the south in Cyprus. As it has been indicated, the EU also proclaims that development of Turkish Cypriot economy is also ‘prerequisite’ for advancement of these political objectives. These objectives resemble an ‘unnamed’ liberal peace project, which can be neatly conceptualised under liberal peace, which it proposes that development of interdependence between conflicted parties helps to resolve conflicts through negotiated outcomes (see chapter 2). This focus will be referred as the EU’s liberal peace project in the remainder of this thesis for practical reasons of referring to it easily.

Regarding the operationalization of this project, the Green Line Regulation would enable and regulate crossings of persons and services and establish a regime for crossings of goods from north to south (from outside into the EU customs and fiscal territory) providing an indirect, but yet possible, channel for Turkish Cypriots to trade with the EU countries through the ports in the south. Additionally, Green Line Regulation would have provided a new channel of interaction and cooperation between the two sides. In following, Direct Trade Regulation would (re)grant trade preferences to Turkish Cypriot goods shipped directly from a port in the north to the EU, while the Financial Aid Regulation would provide financial and technical support to Turkish Cypriots. In this way, these provisions were to form the EU’s post-accession involvement strategy in Cyprus where it would feed into a dynamic process that:

(i) The yield from the Green Line commerce together with the Financial Aid would develop the Turkish Cypriot economy and increase the range of products produced by Turkish Cypriots, which would increase the economic traffic and links throughout the Green Line. (ii) Technical assistance under the Financial Aid would bring the north Cyprus closer to the EU standards increasing the range of goods and services allowed to enter into the EU as well as making north ready for acquis’ application in a potential political solution (iii) Additionally, economic
development of north would help to narrow the economic gap between the two sides down, through north catching up with south. As the ultimate result, (iv) a day to day *de facto* peace could be achieved, which is sustained by organic links along Green Line commercial activity promoting interdependence and economic integration in Cyprus. Thus, the remaining work to solve the division would be reduced to a political *de jure* settlement as a technicality (Interview no.13).

Although the Direct trade regulation has not passed in the EU, the Green Line Regulation, which was the main instrument meant to facilitate and promote the links between the two sides, enhanced by the Financial Aid Regulation, and still had its capacity to work as a peace-promoting mechanism (Interview no.7).

### 3.6. Conclusion

Cyprus dispute has a long and complex history. The two main communities of Cyprus Greek Cypriots and Turkish Cypriots, who had experienced an eye to eye struggle with opposing expectations for the future of Cyprus, usually did not listened to each other, or chose to ignore the other’s expectations and fears, and judged each other on self-images of the other. Creation of a partnership state under the Republic of Cyprus had been a process, which mutually fuelled the distrust lack of sincerity between the two communities and sincerity in the eyes of the other. After numerous attempts to solve the conflict at its several phases had always failed, a significant change to the history of the Cyprus conflict since the division of the island in 1974 came with the European Union stepping up into the stage. The EU membership, which was conceptualised as a promising catalyst for reunification failed to act upon the expected role of it. The greatest opportunity to join the EU under a bi-zonal, bi-communal federal state was missed.

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30 Apart from the consideration of socio-economic cohesion through the island; this point aims to address a concern in the Greek Cypriot community that economically richer south (and Greek Cypriots) will need to pay for the poorer north in a solution.
On 1 May 2004 Cyprus became an EU member as a divided country under the title of the Republic of Cyprus (RoC), where the RoC lacks control over the north Cyprus, and the Cyprus problem was imported into the EU. In principle, the whole island became an EU member state. However, in practice the *acquis communautaire* (EU law) has been suspended in the north Cyprus, pending reunification of the island. Additionally, failure of the EU to successfully utilise the EU membership prospect for conflict resolution in a candidate country also hindered the EU’s actoriness in influencing ethnic conflicts and contested statehood in Europe towards their solution. The EU had to prepare itself to accommodate the problematic accession of Cyprus into the union with legal provisions and adopted the Protocol 10 and Green Line Regulation as well as Financial Aid Regulation for Turkish Cypriots. While the EU’s *acquis communautaire* has been suspended in the Turkish Cypriot-controlled north Cyprus pending reunification of the island, the EU’s post-accession involvement on the island was framed with a liberal peace objective: facilitating reunification of the island by fostering economic interdependence and integration across the divide.

This chapter established the context for the empirical investigation that will follow in the next three chapters (4, 5, and 6). Firstly, it addressed historical evolution of the Cyprus problem and its development leading to the *de facto* division of the island in 1974 (3.2). The following section focused development of the EU membership of the divided Cyprus and the aborted peace plan in 2004. Finally, this chapter unpacked the EU’s post-accession involvement in Cyprus (3.4) and elaborated on what is referred in this thesis as the EU’s post-accession involvement in Cyprus (3.5). The next chapter (4) will investigate the EU effect on the movement of goods in Cyprus as the first one of the three empirical chapters of this thesis.
CHAPTER 4. THE EUROPEAN UNION AND THE MOVEMENT OF GOODS IN CYPRUS: PEACE THROUGH TRADE?

4.1. Introduction

The previous chapter (3) provided a review of the history of the Cyprus problem and established the context for understanding the EU’s liberal peace project in Cyprus. It was emphasised that the Green Line Regulation (GLR)\(^{31}\) was adopted not only as a measure to legally accommodate the Cyprus problem into EU law\(^{32}\) but also as a political mechanism for pursuing liberal peace on the island. Specifically, the EU aimed to facilitate reunification of the island by fostering economic interdependence and integration between the two communities through enabling and facilitating the movement of goods, services (chapter 5), and persons (chapter 6) across the Green Line.

The movement of goods in Cyprus presents an interesting case study for examining the EU effect on the island. This is because the GLR provided an opportunity to (re)establish the commercial links between the two communities on the island, which came to an end following to the *de facto* division of the island and ethnic segregation of the Greek Cypriot and Turkish

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\(^{31}\) Official title, Commission Regulation EC No 866/2004 (European Commission 2005a)

\(^{32}\) The government of the EU member state, here the Republic of Cyprus (the south), does not exercise effective control over the north of the divide. In the context of the ongoing political and territorial division, EU law is not applied in the north Cyprus.
Cypriot communities in 1974. Likewise, the GLR also provided an opportunity for Turkish Cypriots to re-establish their commercial links with the EU by using the ports in the south for preferential trade. These links ended in 1994 through the infamous rulings of the European Court of Justice (ECJ) following the TRNC’s declaration of independence in 1983. Nevertheless, the movement of goods have remained extremely low and twelve years following implementation of the GLR (2004-2016) there is no concrete evidence on the development of economic interdependence and integration between the Greek Cypriot and Turkish Cypriot communities on the island. This was clearly a major set-back to the EU’s liberal peace project in Cyprus, but it also presents the thesis with an interesting empirical puzzle: why did the movement of goods fail to produce high levels of economic activity across the Green Line, which would facilitate the reunification of the island?

On this basis, this chapter examines the EU effect on the movement of goods in Cyprus by looking at the economic value of movement of goods across the Green Line and the factors that mediated this effect. In doing so, it tests the four hypotheses formulated in Chapter 2 of this thesis: whether the EU’s liberal peace project on the island was well designed [H1], whether it has paid enough attention to the role of the politics of division [H2], and whether the role of ethno-politics limits the effects of Europeanisation [H3] and liberal peace [H4]. The conceptual framework is linked to the Europeanisation and liberal peace literatures, reviewed in Chapter 2. And, the EU effect is tested through three mechanisms of Europeanisation: institutional compliance, change of domestic opportunity structures, and cognitive change.

This chapter is structured into six sections. The next section (4.2) discusses the symbolic significance of the GLR for Cyprus as well as the extent to which the movement of goods can develop on the island. The third section (4.3) overviews the institutional and procedural aspects of the movement of goods in Cyprus and discusses the extent to which the area has been adequately addressed. The fourth section (4.4) presents empirical data and information on the level of movement of goods. The following section (4.5) investigates domestic factors, which mediated the EU effect on the movement of goods: namely, roles of the legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance.

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33 It is worth acknowledging here that while 1974 is the landmark for the de facto territorial division of the island as north and south, and the total ethnic segregation of the Turkish Cypriot and Greek Cypriot communities into these zones respectively, the two communities had already been separated before the division in many aspects of life, including economic cooperation (see chapter 3 and section 6.2. in chapter 6).
Finally, (4.6), the concluding section, attempts to revisit the research question, address the hypotheses of this thesis, and comment on the comparative value of the movement of goods in Cyprus as a case study for the scholarly literatures on Europeanisation and liberal peace.

### 4.2. Turkish Cypriot Economy in the Shadow of International Isolations

This section aims to discuss the symbolic significance of the GLR for Cyprus as well as the potential to which the movement of goods can develop. It will be argued that the movement of goods is symbolically very significant because it provided opportunities for the (re)establishment of trade relations between the two Cypriot communities across the divide as well as between the Turkish Cypriot community and other EU member states. However, there are some inherent limitations to the movement of goods stemming from the two economies across the divide, which are not production-based economies.

The Republic of Cyprus (RoC) signed the Association Agreement with the EU (then, the European Community) in December 1972\(^{34}\) (OJ 1973 L 133/1; European Commission 2000). Under its Article 5, this agreement granted Cyprus trade preferences (trade free from tax and customs) in accessing the EU’s internal market, which both Turkish Cypriots and Greek Cypriots benefitted from, despite the unrest in the country (see chapter 3). Following the \textit{de facto} division of the island in 1974, the economy of Cyprus has also become distinct as the Turkish Cypriot and Greek Cypriot economies across the divide (also see sections 5.2 and 6.2 for the impact of division on services and persons). Nevertheless, despite the division, the north of Cyprus has been able to continue benefitting from preferential trade under the Association Agreement. This has been primarily because the trade certificates issued by Turkish Cypriots were \textit{de facto} accepted by European countries (mainly the UK and Germany) (ECJ 1994: Par 34). Specifically, origin and phytosanitary (plant health) certificates were issued in the names of authorities of the RoC (‘Cyprus Customs Authorities’, Republic of Cyprus – Ministry of Agriculture) rather than a separate political entity (Talmon 2001: 728).

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\(^{34}\) The Agreement of 19 December 1972 Establishing an Association Between the European Community and the Republic of Cyprus.
However, this form of trade has been problematic after the TRNC (the Turkish Republic of Northern Cyprus) declared independence from the Republic of Cyprus in 1983. Greek Cypriot producers and traders subsequently brought the issue of exports from the north of Cyprus to the EU to the UK High Court of Justice on 21 May 1992, known as the Anastasiou I case. Upon the court’s request to the European Court of Justice (ECJ), a preliminary ruling was made. The UK and the European Commission argued that:

Given the special situation of Cyprus [division], the United Kingdom and the Commission maintain that de facto acceptance of the certificates in question issued by authorities other than the competent authorities of the Republic of Cyprus is certainly not tantamount to recognition of the TRNC as a State, but represents the necessary and justifiable corollary of the need to take the interests of the whole population of Cyprus into account (ECJ 1994: Par 34).

Yet this position was not accepted by the ECJ. According to the ECJ’s ruling of 5 July 1994, the Origin Protocol and the Plant Health Directive ought to have been interpreted as:

[... ] Precluding acceptance by the national authorities of a Member State, when citrus fruit and potatoes are imported from the part of Cyprus to the north of the United Nations Buffer Zone, of movement certificates issued by authorities other than the competent authorities of the Republic of Cyprus. (ECJ 1994: Par 67).

Therefore, the ECJ ruled that certificates issued by Turkish Cypriots could no longer be de facto accepted by EU countries for preferential trade with the north Cyprus35. This ruling determined the result of the proceedings in the UK court and was applied accordingly in the UK as well as in the other member states.

Although the ECJ’s ruling did not formally impose isolation on the north of Cyprus, it has been interpreted by Turkish Cypriots as such because it excluded Turkish Cypriot products from preferential trade, and consequently imposed import duties ranging from 3 to 32 % (Interview

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35 The products exported to the EU must originate in Cyprus (OJ 1973 L 133/1). The additional ‘Origin Protocol’ of 1977 to the Association agreement further defines that the exported products must be accompanied by a certificate of origin that is issued by the customs authorities of the exporting state (OJ 1977 L 339/1). Additionally, based on the EU’s Plant Health Directive (77/93/EEC of 21 December 1976. Since 30 July 2000, OJ 2000 L 169/1), Phytosanitary (plant health) certificates are required to accompany potatoes and all citrus fruits except lemons as evidence that examination has been undertaken and the products are free from any disease or parasites. This document has to be issued in the country that the products originate (Article 9(1) of 77/93/EEC).
The results of this historical development have been traumatic for the north Cyprus. Agricultural exports (especially citrus and potatoes) were previously 48.1% of total exports of the north in 1994 with 23.4% of its workforce employed in this sector, and therefore the ‘backbone’ of its economy (TRNC SPO 2015a, Talmon 2001: 729). As a result of the ECJ’s ruling, several hundreds of workers in the textile industry, which lost its competitiveness, were laid off; while citrus and potatoes could no longer be imported into the European Community in the absence of valid phytosanitary certificates (Talmon 2001: 737).

Building upon this context, the GLR has two significant symbolic meanings regarding the movement of goods, which also makes it an interesting case study in relation to the EU effect on the island. Firstly, the GLR provided an opportunity to (re)establish commercial links between the two communities on the island, which came to an end following to the de facto division of the island and ethnic segregation of the Greek Cypriot and Turkish Cypriot communities in 1974. While this regulation enabled movement of Turkish Cypriot products to the south, as it will be elaborated in the next section (4.3), the TRNC also adopted a regulation that ‘mirrored’ the EU’s GLR in many aspects, and allowed movement of Greek Cypriot products to the north. Secondly, the GLR also provided an opportunity for Turkish Cypriots to re-establish their commercial links with the EU by using the ports in the south for preferential trade.

On the other hand, the extent to which the movement of goods can develop is somewhat constrained by the sectoral composition of the Turkish Cypriot and Greek Cypriot economies on the island. According to a TCCoC official, who believes that the movement of goods is inherently limited

Please try to imagine the production capacity of the north, which is mainly a service-based economy. We are not a huge country with lots of production. It means that our ability to increase our economic returns with only production, sell of our products through production, is quite limited (Interview no.1).

Indeed, as it can be seen in Figures 5 and 6 provided in Chapter 5, neither the Turkish Cypriot nor the Greek Cypriot economy is based on production; but instead, both are service-based economies. Specifically, the agriculture and manufacturing sectors form only a fraction of the Turkish Cypriot economy (3.7% and 6% respectively in 2015) as well as the Greek Cypriot
economy (5.1% and 2.4% respectively in 2012) (see section 5.2). Additionally, another Interviewee also emphasised that the range of production in both the north and the south are very similar as they are both subject to the same climate and conditions (namely being small island-economies) (Interview no.7). It should be acknowledged that these potential limitations to the movement of goods also signal limitations to the EU’s liberal peace project on the island.

This section discussed the symbolic significance of the GLR for Cyprus as well as the extent to which the movement of goods can develop. It has been argued that while the GLR provides opportunities for (re)establishment of trade relations between the two Cypriot communities, as well as the Turkish Cypriot community and other EU member states, in practice there is a lack of potential for the movement of goods to develop. This is primarily because the two economies on the island are not production-oriented economies. The next section will provide an overview the institutional and procedural aspects of the movement of goods in Cyprus, and discuss the extent to which the GLR has been in addressing the movement of goods to facilitate such activity across the divide in Cyprus.

4.3. The Green Line Regulation and the Movement of Goods in Cyprus

While the previous section discussed the symbolic significance of the GLR for Cyprus as well as the extent to which the movement of goods can develop, this section sheds light on the institutional and procedural aspects of the movement of goods in Cyprus. It additionally discusses the extent to which the GLR can facilitate the movement of goods by its design and act as a mechanism for the EU’s liberal peace project on the island.

As it was outlined in Chapter 3, due to continuing territorial and political division of the island EU law has not been applied in the north, pending reunification of the island. Regarding the movement of goods, this means the north of Cyprus has been excluded from the EU’s customs and fiscal territory, and hence from the free movement of goods within the EU. On the other hand, since the Green Line is not recognised as a de jure external border of the EU (see chapter 3), the GLR lays down a special regime under its Article 4 and defines the terms and conditions
on the movement of goods from the north to the south. In other words, from the areas in which EU law is not applied, to the areas in which it is applied (European Council 2005a: par. 3). It should be acknowledged that, consequently, the GLR avoids terms such as ‘exports’ or ‘imports’, “which could lead to assuming that the north is a third country” (Interview no.12, 15). Goods are merely ‘introduced’ into the government-controlled areas (the south) or ‘sent’ to the non-controlled areas (the north).

With regard to procedural and operational aspects, in line with the ‘one country’ approach as aforementioned, no customs declaration needs to be made for the movement of goods from the north to the south and no customs are levied (European Commission 2005a: Article 4(2). These goods are also exempt from import VAT, provided that they are to be consumed in the south (ibid: Article 4(7). On the other hand, once the goods enter the south from the north, they acquire the status of Community goods36 (ibid: Article 4(11), which means Turkish Cypriots can use the ports in the south to do preferential trade with other EU countries. In such a scenario, the import VAT is due (European Commission 2004b: 3). Based on Article 4(3), it is also determined that “the goods shall cross the line only at the crossing points listed in Annex I and the crossing points of Pergamos and Strovilia under the authority of the Eastern Sovereign Base Area” (European Council 2005a).37

Furthermore, according to Article 4(5):

Goods shall be accompanied by a document issued by the Turkish Cypriot Chamber of Commerce duly authorised for that purpose by the Commission in agreement with the Government of the Republic of Cyprus, or by another body so authorised in agreement with the latter. The Turkish Cypriot Chamber of Commerce or other duly authorised body will maintain records of all such documents issued to enable the Commission to monitor the type and volume of goods crossing the line as well as their compliance with the provisions of this Article (European Council 2005a).

On this basis, the European Commission authorised the Turkish Cypriot Chamber of Commerce (TCCoC) for issuing certificates of origin for Turkish Cypriot products on 7 July 2004 (European Commission 2004a). Moreover, the Commission took the decision that the

36 Within the meaning of Article 4(7) of Regulation (EEC) No 2913/92/.
37 A full list of the crossing points can be found in Chapter 6 (see section 6.3).
phytosanitary certificates (for citrus and potatoes) would be issued by independent experts appointed from EU member states, who would carry out inspections in the north (European Commission 2005d), as prescribed in Article 3 of the Regulation (EC) No 1480/2004 (European Commission 2004b)\(^{38}\). It should be acknowledged that as a senior EU official has also registered, these arrangements have specifically been made to ‘overcome the hurdles’ imposed by the ECJ’s *Anastasiou I* ruling from 1994, which made the Turkish Cypriot community unable to issue these certificates (Interview no. 12, also see section 4.2). Likewise, the implementation obligations of the GLR lays with the RoC (as well as the Eastern Sovereign Base Area) in Cyprus (European Council 2005a: Article 8), while both the RoC authorities and the TCCoC have communication obligations with the Commission regarding its implementation process (European Commission 2005b: 5).

Within this context, it should be noted here that although the GLR regime achieves a workable basis for the movement of goods on procedural aspects, it does not provide a mechanism or provision to bypass the political and legal complexities stemming from the division. For example, Turkish Cypriot companies are not recognised in the south as they have been established in the north through the institutions of the TRNC, which the RoC deems as illegal (Interview no.1; see section 4.5 for more). This is a fundamental design shortcoming, which made the EU effect on movement of goods dramatically open to mediation in the domestic setting.

Regarding the scope of the GLR, two particular articles define what kind of products can and cannot be traded across the Green Line. According to Article 4(1):

> [...] goods may be introduced in the areas under the effective control of the Government of the Republic of Cyprus [the south], on condition that they are wholly obtained in the areas not under effective control of the Government of the Republic of Cyprus [the north] or have undergone their last, substantial, economically justified processing or working in an undertaking equipped for that purpose in the areas not under the effective control of the

\(^{38}\) Following phytosanitary examinations, citrus fruits were allowed to be traded across the Green Line without being subject to customs duties or charges on 4 October 2005 (European Commission 2005d: 17). Similarly, after sampling and surveys by independent phytosanitary experts, the European Commission permitted trade in potatoes in early 2006 (European Commission 2006: 7). In 2011, the European Commission lifted the obligation that “potatoes traded across the line must be grown directly from certified seed potatoes”, which allowed trade of potatoes produced from farm saved seeds (European Commission 2012: 2).

Furthermore, Article 4(9) determines that:

The movement across the line of live animals and animal products which are subject to Community veterinary requirements shall be prohibited. Prohibitions in respect of specified live animals or animal products may be lifted by Commission decisions laying down the conditions applicable for trade adopted in accordance with the procedure referred to in Article 58(2) of Regulation (EC) No 178/2002 of the European Parliament and of the Council (OJ L 133, 4.6.1969, p. 6 Directive as last amended by Directive 2000/47/EC (OJ L 193, 29.7.2000, p. 73).

On this basis, the GLR, as in Article 4(1), only permits the movement of wholly obtained (such as agricultural products) and processed products (i.e. have added significant value), while imported products can be used only if contributing to the production process of a domestic product. On the other hand, the movement of animal and animal products are prohibited. As an exception, the Commission lifted prohibitions on the movement of certain animal products (fresh fish and honey) with a decision on 4 May 2007 (European Commission 2007a).

Additionally, imported goods to the north, regardless of whether imported from third countries or the EU Customs Union, are also prohibited from the movement of goods. According to a senior EU official, the restriction on imported products was guided by the EU’s intention to accommodate the RoC’s political sensitivities regarding the issue of ‘legality’ of the ports in the north, which are outside RoC control (Interview no. 12, also see chapter 3).

As it has been also argued by the World Bank, such a restrictive regime reduces benefits to producers, service providers, and consumers in the north and south of the Green Line (World Bank 2006). This position also registers with an Interviewee, who said that:

There are many products of Turkey in the south as both are members of the EU’s customs union [...] Considering that Turkish Cypriots have a special relationship with Turkey, the movement of goods could grow significantly, if these products could be traded under the GLR (Interview no.2).

Likewise, another Interviewee stated that “we never considered the GLR as an effective tool for improvement of our trade because of its limitations [...]” (Interview no.1). Yet, the
European Commission has not taken an initiative to change this restrictive regime, not least in view of the unanimity requirement for the adoption of any amendment to the GLR (Interview no.12). In view of this discussion, it can be seen that the GLR has design shortcomings on both operational aspects as well as regarding the scope of the GLR. These shortcomings inherently limit the movement of goods and the extent to which such activity can contribute to the EU’s liberal peace project on the island.

While the movement of goods from the north to the south has been governed under the GLR, the movement in the opposite direction has remained subject to the provisions of north Cyprus due to the suspension of EU law in the north as aforementioned. Specifically, the TRNC adopted a regulation\(^39\) (hereafter ‘the TRNC’s regulation’) under its ‘External Trade Law’ on 27 August 2004, which governs the movement of goods from the south to the north (TRNC Council of Ministers: 2004). As fundamentally different to the ‘one country approach’ of the GLR, the TRNC treats the Green Line as the external border of the north of Cyprus; therefore, its regulation refers to the movement of goods as external trade (‘imports’ and ‘exports’). Accordingly, Greek Cypriot products entering to the north are subject to customs declaration and VAT.

Other features of both the operational aspects and scope of the TRNC’s regulation are very similar to the way in which they have been addressed in the GLR. This is primarily because the TRNC adopted a ‘reciprocity’ principle and essentially ‘mirrored’ the conditions and rules in the GLR on the movement of goods from the north to the south, and on movement occurring in the opposite direction (Interview no.24, Interview no.5). For example, in relation to operational aspects, Article 4(3) of the TRNC’s regulation stipulates that goods, which are to be traded from the south to the north, should be accompanied by the certificates of origin (to be issued by the chamber of commerce in the south) and international phytosanitary certificates (if applicable). Regarding the scope of the TRNC’s regulation, similar to the Article 4(9) of the GLR, Article 4(5) of the TRNC’s regulation prohibits trade of animal and animal products (except live fish for the purposes of farming). Likewise, similar to Article 4(1) of the GLR, Article 4(1) of the TRNC’s regulation allows trade of only wholly obtained or substantially

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\(^{39}\) Full name: External Trade (Regulation and Monitoring) Regulation on Export from the Turkish Republic of Northern Cyprus to Southern Cyprus and Import and/or Temporary Import from Southern Cyprus to the Turkish Republic of Northern Cyprus.
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processed goods, prohibiting trade of non-Greek Cypriot products imported from other countries. Therefore, the TRNC’s regulation projects the restrictions under the GLR to the movement of goods from the south to the north, which on this basis also inherently limits development of the movement of goods on the island. Both the GLR and TRNC’s regulation became operable for movement of goods as of 23 August 2004 and 28 August 2004, respectively (European Commission 2004b, TRNC Council of Ministers: 2004).

This section overviewed the institutional and procedural aspects of movement of goods in Cyprus. It argued that the design of the GLR has inherent limitations to the extent to which it can facilitate movement goods and act as a mechanism for the EU’s liberal peace project on the island. The next section will present empirical data and information about the extent to which the movement of goods occurred in Cyprus.

4.4. The Green Line Regulation in Practice: Movement of Goods in Cyprus

The previous section overviewed the procedural and institutional aspects of the movement of goods and commented on how well the GLR has been formulated to facilitate such movement by its design to act as a mechanism for the EU’s liberal peace project in Cyprus. This section aims to present empirical data and information on the extent to which the movement of goods occurred in Cyprus. It will be emphasised that such activity did not rise to high levels across the Green Line and the GLR (as well as the TRNC’s regulation) on the movement of goods remained under-utilised.

As it has been pointed out in the previous section (4.3), the movement of goods between the north and south (in both directions) began in August 2004 (see section 4.3). While the GLR has provided a legal framework for the movement of goods from the north to the south, the TRNC’s regulation provided a similar basis for the movement of goods in the opposite direction. It can be seen in Figure 2 that the movement of goods gradually increased from 2004 to 2008. Its total value in 2006 was €4.8 million. While the European Commission referred to the movement of goods from the north to the south as ‘regrettably low’ during that year, which accounted for €3.2 million (European Commission 2007b), movement in the opposite direction recorded only €1.6 million. Regarding the low level of movement from the
south to the north, while the mediation of domestic factors stemming from the politics of division can to certain degree be an explanation (see section 4.5), it should be acknowledged that the population of the north is approximately one third of the south (roughly 300,000 to 900,000, respectively). Therefore, a lower level of trade from the south to the north can be expected.

In 2008, the total value of the movement of goods reached €8.5 million. During that year, movement from the north to the south accounted for €7.17 million, of which such activity occurred at relatively meaningful levels compared with previous years. Specifically, it constituted 12% of the annual exports of the north Cyprus in 2008, namely €50 million (European Commission 2009: 6). On the other hand, the movement of goods in the opposite direction remained at €1.4 million. As it can be seen in Figure 2, the movement of goods did not increase further or continue at the same levels but gradually decreased in 2009 and 2010.

**FIGURE 2. Value of Movement of Goods in Cyprus (EUR in thousands)**


In 2011, there is an evident unusual increase, whereby the value of movement of goods from the north to the south increased approximately 560% – from €5.9 million in 2010 to what

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40 The disclaimer in the TCCoC 2017a and 2017b regarding the movement of goods from the north to the south acknowledges that, “these figures are formed by summing the values of all Accompanying Documents issued, minus the uncompleted consignments depending on the crossing confirmations received from the Greek Cypriot customs authorities, SBAs and from the traders. The shipments that are not cancelled, but also ‘not’ confirmed,
appears as a peak of €29.4 million – and continued at relatively high levels in 2012 (European Commission 2012: 11), while the same activity in the opposite direction continued at low but stable levels. This unusual increase in the former is due to an exceptional one-off sale of electricity in 2011 and 2012 from the north to the south after the main power plant in the south became inoperable because of a huge explosion (see BBC News Europe 2011, Kıbrıs Gazetesi 2011). As it can be seen in Figure 3, if the electricity sale is excluded, the actual value of movement of goods from the north to the south significantly falls from €29.4m to €5.3m in 2011 and from €8.9 million to €4.19 million in 2012. This reveals that the gradual decrease in the value of movement of goods from the north to the south, which began in 2009, did not end in 2011 but continued for six years in a row until 2014. Accordingly, it is clear in Figure 3 that the total value of the movement of goods across the Green Line has been on a continuous gradual decrease from 2009 to 2014, excepting a slight increase in 2011 caused by the movement of goods from the south to the north.

**FIGURE 3. Value of Movement of Goods in Cyprus without Electricity Sale (EUR in thousands)**


The gradual decrease in the movement of goods from the north to the south between 2009 and 2011 has been explained by the European Commission as a steep decrease in potato are also included. The figures mentioned in this column do not necessarily reflect all goods actually crossing the Green Line as they are based on voluntary feedback” (TCCoC 2017a).
trade (14% of the trade in 2009, 4% in 2010, less than 1% in 2011), while previously its place in the movement of goods was significant (30% of the trade between 2007 and 2008) (European Commission 2008, 2009, 2010, 2011).\(^{41}\) Between 2011 and 2013, the European Commission associated the decrease in the movement of goods from the north to the south with the effects of the global economic crisis, and particularly its serious effects on the Greek Cypriot economy (European Commission 2011, European Commission 2013), which led the RoC to the traumatic experience of ‘bailout austerity’ between 2013 and 2016 (see Higgins 2013, Smith 2013, The Economist 2013). In more detail, the economic recession impeded the construction sector and led to the closure of restaurants in the south as a consequence of the economic crisis, and which also significantly decreased the trading of scrap copper, building materials, and fresh fish from north to south (European Commission 2012, 2013). Finally, in 2015 and 2016, the total value of the movement of goods slightly increased. This increase has been explained as ‘stabilisation of the economic crisis’ in the south by the European Commission (European Commission 2015), while the movement of goods from the south to the north has only slightly increased.

Regarding types of products, the movement of goods from the north to the south has heavily relied on the trade of plastic products, building materials/articles of stone, raw scrap material, aluminium/PVC products, wooden products/furniture, vegetables (mainly potatoes), fruit (mainly citrus), and fresh fish (European Commission 2010, 2012, 2016). On the other hand, although the GLR permits trade of processed food, such trade only occurred once (bakery products) (Interview no.29, see section 4.5.d). In regard to the movement of goods in the opposite direction; the main goods have been fish (live), spirits and alcoholic drinks, building and construction materials, and liquefied petroleum gas (TRNC MEE 2010, 2012, 2016).

Finally, another particular aspect that should be acknowledged is that the GLR also affords the Turkish Cypriot community the opportunity to do preferential trade with other EU member states (see section 4.3). A number of instances of this kind of trade were reported between 2005 and 2011. For example, in December 2005, a consignment of Cyprus Delights (confectionery, 1,112 kg for a value of 1,112 CYP) was traded to the United Kingdom and India

\(^{41}\) Specifically factors such as bad weather conditions, shortage of certified seed potatoes for the second crops in the north, and self-sufficiency in potato agriculture in the south have been reported (European Commission 2010, 2012). It was also reported that trade in potatoes was at insignificant levels in 2015 (European Commission 2017).
(European Commission 2006). Similarly, in April and May 2007, a small amount of aluminium and copper scrap crossed the Line and were shipped to the United Kingdom (European Commission 2007b, 2008). Such trade formed 4% of the movement of goods from the north to the south in 2010, and 0.34% of trade in 2011 (European Commission 2011, 2012). Lastly, it has been suspected that large consignments of potatoes, which crossed to the south for intra-island consumption in 2007 and 2008, were repacked and traded to other EU countries (European Commission 2008: 6, 2009: 7). No further examples of such external trade via movement of goods have been recorded (see section 4.5 for the political obstacles on this issue). Therefore, the movement of goods in Cyprus has been overwhelmingly intra-island trade.

This section presented empirical data and information on the extent to which the movement of goods occurred in Cyprus. It has been highlighted that the movement of goods across the Green Line remained very low (in both directions), which has also been acknowledged by the UN Secretary General in 2015 (UN Security Council 2015: 8, also see European Commission 2015: 8). Twelve years following implementation of the GLR (and the TRNC’s regulation), there is no concrete evidence on the development of economic interdependence and integration between the Greek Cypriot and Turkish Cypriot communities in Cyprus. This is clearly a major set-back to the EU’s liberal peace project on the island. The following section will investigate how domestic factors mediate the EU effect on movement of goods in Cyprus.

4.5. The EU effect on the Movement of Goods in Mediation of the Domestic Factors

The previous section presented empirical data and information regarding the level of movement of goods in Cyprus. It has been highlighted that the movement of goods did not rise to meaningful levels across the Green Line in Cyprus and the GLR as well as the TRNC’s Regulation on the movement of goods remained under-utilised. Therefore, the level of movement of goods in Cyprus indicates a major setback for the EU’s liberal peace project on the island. This section investigates how the domestic factors of the legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance have mediated the EU effect on the movement of goods in Cyprus.
Prior to the analysis, it is worth acknowledging here that the Cyprus Turkish Chamber of Industry (CTCI) conducted a survey with its members in 2012. According to the results, 28% of the 97 CTCI members have been involved in movement of goods (from the north to the south). Among these, only 22.7% reported that the GLR operates smoothly, and with which they did not encounter any problems. Other members indicated that psychological barriers are the biggest challenge to the movement of goods (50%), while this was followed by bureaucratic barriers (40.9%) and to a lesser extent problems related to payment (3.8%) (Interview no.7). These obstacles will be contextualised and investigated in more detail in the following sub-sections.

FIGURE 4. Problems Turkish Cypriot Companies Faced in Green Line Trade (2012)

(Source: Interview no.7)

4.5.a. The Role of Legal Framework

This section investigates how the role of legal framework as a domestic factor mediated the EU effect on the movement of goods in Cyprus. It will be argued that the absence of a mechanism or provision in the institutional design of the GLR to bypass the legal and political complications stemming from the politics of division (see section 4.3) manifested as negation of the EU effect on the movement of goods in the domestic setting. In more detail, the economic operators are not provided with a ‘reliable’ legal framework, which would meet their business requirements.
Due to the ongoing de facto division and political contestation on the island, the RoC (the south) deems all institutions and authorities of the TRNC (the north) ‘illegal’, including licences issued and companies established through those bodies (see chapter 3). This gives rise to several problems regarding the movement of goods across the Green Line. Firstly, commercial dispute resolution between Greek Cypriot and Turkish Cypriot companies is problematic. As the Turkish Cypriot companies in the north are not recognised in the south, they cannot bring legal action against Greek Cypriot companies (and vice versa). Instead, the proceedings should be instituted in the name of individuals (Interview no.1, no.2, no.21; see also European Commission 2010: 7). As Figure 4 indicates, 3.6% of Turkish Cypriot companies that are involved in Green Line trade have experienced difficulties related to payment. Moreover, money transfers between banks across the divide are not possible (Interview no.2). Trade should therefore take place either in cash or Turkish Cypriot traders should cross the divide to use a bank in the south. The following extract from an interview is particularly relevant in contextualising this discussion:

I cannot do business with contracts to protect my rights [...] we did this trade with cash payments. However, in some occasions we were never paid back. It could be very tiring and costly to try to sue them in the courts of the south. So, we gave up (Interview no.26).

Consequently, the legal framework is a problem for meeting the business requirements of Cypriot traders from both sides of the divide, which prevents the development of large commercial activities and a fertile ground for the movement of goods in the broader sense (see section 4.4).

Secondly, although the GLR legally ‘opens the door’ for the Turkish Cypriot community to trade with other EU member states (and third countries) through the ports in the south, in the domestic setting such trade is far from ‘smooth’. As Turkish Cypriot companies are not recognised in the south, they have no legal right to trade with other EU member states directly, and in fact it is necessary for a company registered in the RoC to be involved (European Commission 2011: 5). Alternatively, Turkish Cypriot companies need also to register in the south (for the purposes of VAT payment), which will be both a technical as well as financial burden for them (Interview no.24). On the other hand, it has been reported that when economic operators intend to enter into business with operators from the other
community, they face numerous administrative problems and their business requirements are not met (European Commission 2017: 6). As a consequence, many traders from both sides of the divide have determined that the administrative and bureaucratic ‘burden’ is disproportionate to the benefits obtained (European Commission 2014: 6).

Thirdly, Turkish Cypriot commercial vehicles are not admitted to the south because the professional driving licences and roadworthiness certificates issued by the TRNC are deemed illegal in the south (see for example European Commission 2006: 5, 2012: 10, 2017: 6, transportation services are discussed in more detail in Chapter 5). As a consequence, goods cannot be transported from the north to the south across the Green Line directly or in large consignments by Turkish Cypriot transportation companies. For this reason, movement of goods should either be made in several small consignments, or Greek Cypriot commercial vehicles should be used, which are not subject to such restrictions by the north (European Commission 2010: 8). The European Commission commented that this causes an economic disadvantage for Turkish Cypriot traders as well as transport companies (European Commission 2010: 8). However, despite several attempts by the Commission to resolve this issue with the RoC authorities, no solution has been possible (European Commission 2014: 8, 2015a: 8).

Last but not least, the role of the legal framework has resulted in Greek Cypriot economic operators being at a disadvantage because the movement of goods from the south to the north is subject to ‘double-taxation’. As section 4.3 indicated, the TRNC treats movement of goods as exports, while the RoC does not. As a result, Greek Cypriot products are first subject to taxation based on the normal VAT rate in the south, and for a second time in the north as they are treated as imports into the country (Interview no.24, no.31, no.28). According to an EU official, “this is the economic price Greek Cypriot traders pay for the one country concept which underlines the Green Line Regulation” (Interview no.12).

This section analysed the extent to which the legal framework has mediated and negated the EU effect on the movement of goods. It has been argued that in the absence of an adequate framework provided by the GLR to bypass legal and political complications stemming from the politics of division, the EU effect has been heavily negated in the domestic setting, and hence the EU’s liberal peace project on the island. In other words, the legal obstacles and
complications at the domestic level prevented development of a fertile ground for the movement of goods across the Green Line. The next section will analyse the role of ethno-politics in political elites in mediating the EU effect on the movement of goods in Cyprus.

4.5.b. The Role of Ethno-Politics in Political Elites

The previous section examined how the legal framework mediated the EU effect on the movement of goods in Cyprus. This section investigates the way in which this effect is mediated by the role of ethno-politics in political elites. It will be argued that the political wrangling for legitimacy between the RoC and TRNC, and ethno-political thinking among the Greek Cypriot political elites that maintains ‘development of Turkish Cypriot economy will prevent reunification of the island’, has constrained the movement of goods heavily and negated the EU effect on the island.

The role of ethno-politics in the political elites can be characterised as political wrangling for legitimacy between the RoC and TRNC. It is a widely acknowledged leading priority of the Greek Cypriot political elites to ‘safeguard’ the internationally recognised position of the Republic of Cyprus (RoC) as the sole legitimate government of the whole island (Interview no.30, no.1, see also chapter 3). In this vein, within the context of the movement of goods, the RoC deems all institutions and authorities in relation to the TRNC illegal, including licences issued and companies established through its bodies (see section 4.5.a, see also section 5.5.a and 6.5.b). The contrary, for the Greek Cypriot political elites, would lead to ‘upgrading’ of the status of the ‘illegal state’ (the TRNC) in the north by granting it and its institutions some form of legitimacy, also referred to as ‘recognition by implication’ (see Kyris 2015). On the other hand, the TRNC, which remains a non-recognised state, aims to gain recognition and legitimacy for itself (Interview no.30, no.16). Within this context, while the EU’s liberal peace plan in Cyprus aims to foster economic interdependence and integration across the divide, both the RoC and the TRNC want to maintain ‘control’ over the movement of goods (as well as services and persons) and to not lose their ‘authority’ over areas on which they claim legitimacy (the RoC, the whole of Cyprus; the TRNC, the north of Cyprus).
From the perspective of the RoC, this assertion can be traced back through concrete examples of how the RoC prevented the EU’s Direct Trade Regulation proposal (see chapter 3), which would (re)grant preferential trade opportunities to Turkish Cypriots, as well as the RoC’s international attempts to impose embargoes on the north of Cyprus following the declaration of independence by the TRNC in 1983 (see section 4.2). However, within the context of the movement of goods, the following quotation from an interview with a senior EU official is very relevant:

 [...] the economic crisis may have had an impact on the level of Green Line trade, but for us it’s not the decisive factor [...] We [the European Commission] came across a number of technical issues [...] but the message we get from the Republic of Cyprus is that [...] they are not ready make efforts to resolve those problems because political conditions are not right (Interview no.18).

As it can be seen, the RoC authorities referred to unacceptable political conditions as the excuse for ongoing obstacles to the movement of goods, which signals the political wrangling for legitimacy and, hence, the role of ethno-politics in political elites. This also suggests that obstacles to the movement of goods stemming from the role of the legal framework are inherently linked to the ingrained role of ethno-politics among the Greek Cypriot political elites. In fact, in more explicit terms, a high-ranking Greek Cypriot official stated in an Interview:

 Why would they [Turkish Cypriots] be encouraged to live together [with Greek Cypriots] if we provide them the chance to live separate [by the Direct Trade regulation]?” (Interview no.16).

It is therefore evident that ethno-politics play a role in the decisions and position of the Greek Cypriot political elites regarding the movement of goods. Likewise, as it has been indicated, extant thinking holds that if the north Cyprus develops economically, reunification of the island will be ‘less likely’ and the division will be ‘permanent’.

Nonetheless, Turkish Cypriot officials opposed to this rationale argue that economic development of the north of Cyprus is not a barrier to reunification of the island, but in fact it ‘facilitates’ it (Interview no.46, no.9, no.13). On this basis, a senior Turkish Cypriot official claimed that,
Greek Cypriots prevented working of the Green Line Regulation [full implementation of it, see section 4.5.d] as they do in all other issues because of their ‘paranoia’ that such actions can resemble some sort of recognition of an administrative structure in the north (Interview no.9).

Similarly, another high-ranking Turkish Cypriot official in Brussels maintained that,

The Green Line Regulation showed us how unwilling the Greek Cypriots are in cooperating with us, and also how incapable the European Commission is, because despite certain things are our right [allowed] within the scope of the GLR, the Commission have not managed to help us to use those rights (Interview no.12).

Ethno-politics also played a decisive role among the Turkish Cypriot political elites regarding the movement of goods. Moreover, in the case of the movement of goods from the north to the south for intra-island consumption, the Turkish Cypriot political elites have not been very restrictive. This is principally because such activity has been regarded as ‘exports’ to another country, the south (see section 4.3), and it does not contradict the TRNC’s stance in regard to political wrangling for legitimacy. Nevertheless, one Turkish Cypriot farmer reveals they have been frequently discouraged by the positions taken by Turkish Cypriot officials. According to him, they were told in 2005 that such trade would consume the water resources of the north of Cyprus: “so what, should we consume our water supplies to provide cheap potatoes and watermelons to Greek Cypriots?” (Interview no.22). Correspondingly, Turkish Cypriot farmers were informed by another official from the same institution in 2014 to “give it up, don’t bother, and don’t make us bother too. We will give you each minimum wage salary and give up on these things [trade with the south]” (ibid).

On the other hand, the Turkish Cypriot political elites have been extremely strict against movement of goods from the north to the south concerning extra-island trade. Specifically, Turkish Cypriots using the ports in the south for doing preferential trade with the EU as well as trade with third countries. This issue has been guided by the role of ethno-politics because during the late 2000s the Turkish Cypriot elites expected the EU to pass the Direct Trade Regulation proposed by the European Commission for enabling preferential trade directly from the ports of the north. It was in this political climate that the Turkish Cypriot community approved the UN-supported peace plan for reunification of the island in 2004, whereas this development was rejected by the Greek Cypriot community (see chapter 3). By that logic, if
Turkish Cypriots used the ports in the south, it would refute the Turkish Cypriot political elites’ argument that the ports in the north should be opened to preferential trade with the EU (Interview no.30, no.27). In other words, it would contradict the TRNC’s position regarding the political wrangling for legitimacy.

Within this context, Turkish Cypriot traders, who wanted to utilise the GLR and trade with the EU through the ports in the south, have encountered unparalleled difficulties in the forms of administrative difficulties (such as cancelling trade permits) as well as political pressure by the TRNC government and political elites in order to give up this kind of trade. For example, a consignment of 22 tons of citrus fruits, which was to be shipped to an EU Member State through Limassol port in the south, was cancelled at the last minute on 29 March 2006 (European Commission 2006: 6). Similarly, two very large consignments of potatoes (3800 tons, which combined the harvest of approximately 50 producers and equated to a quarter of the whole spring harvest in the north) was expected to be shipped to other EU Member States through ports in south. However, due to strong political pressure from the TRNC government, this trade was also cancelled at the last minute (European Commission 2007b: 8).

One Turkish Cypriot economic operator described why he gave up on this kind of trade; 80% due to harassment and difficulties raised by the Turkish Cypriot authorities towards him and 20% through difficulties raised by the Greek Cypriot authorities (Interview no.27):

I faced various forms of pressure including death threats from stakeholders and nationalists on both sides; however, especially from the Turkish Cypriot political elites and nationalists. The government in the north cancelled my trade permissions several times. In 2009, the government bought all the potatoes from the farmers, who worked with me, with pressure and burnt them after disposing into a creek in order to prevent me from trading with the EU via the ports in the south. I had a Million-Euro economic loss because I had to comply with the trade agreements that I have made in other EU countries. I am no longer trading with the EU under the Green Line regulation.

Furthermore, an anonymous source said that Turkish Cypriot economic operators were given an ultimatum by the then Turkish Cypriot leadership in the late 2000s that “they must not sell even one kilogram of potatoes to the EU by using the ports in south” (Interview no.27). As section 4.4 indicated, this kind of extra-island trade has been exceptional. The TRNC department of trade no longer issues trade permits to Turkish Cypriots to trade via the ports.
in the south (Interview no.28). Consequently, it can be seen that ethno-politics among the Turkish Cypriot political elites have also played a very influential role in regard to limiting the movement of goods and have negated the EU effect on the island.

This section analysed how ethno-politics in political elites as a domestic factor mediated and negated the EU effect on movement of goods in Cyprus. It has been argued that political wrangling for legitimacy between the RoC and the TRNC, and ethno-political thinking among the Greek Cypriot political elites concerning the idea that ‘development of the Turkish Cypriot economy will prevent reunification of the island’, prevented the advancement of a fertile ground for high levels of movement of goods across the Green Line in Cyprus. Therefore, ethno-politics in political elites heavily mediated and negated the EU effect on the movement of goods and, hence, the EU’s liberal peace project on the island.

4.5.c. The Role of Ethno-Politics in Civil Society

The previous section examined the extent to which ethno-politics in political elites mediated the EU effect on the movement of goods in Cyprus. This section explores how this effect is mediated by the role of ethno-politics in civil society. It underlines that although various groups of economic operators have emerged across the Green Line, which they perceive the movement of goods as an ‘opportunity’ to utilise, ethno-politics in civil society plays a major role and significantly negates the EU effect. Specifically, psychological barriers and pressure put on economic operators prevents development of a fertile ground for the movement of goods in the island.

With regard to cooperation, a number of economic operators on both sides of the divide perceive the movement of goods as an opportunity for trade and utilise it as such (see section 4.4 for results). A consensus was evident among the interviewed Turkish Cypriot economic operators whereby the GLR provided them with an ‘alternative market’ right ‘next door’ to trade with, which had not previously existed (such as interview no.22, no.25, no.48). Additionally, one if the interviewees stated that trading with the south is more beneficial compared with the north because they ‘earned Euros’ instead of the ‘less valuable’ Turkish
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Liras (Interview no.22). It is worth acknowledging here that earning in Euros was also considered an advantage regarding the movement of Turkish Cypriot labour to the south (see chapter 5). Similarly, a Greek Cypriot economic operator also stated that they perceived the movement of goods as a ‘back-up plan’ for them to utilise, when they experience shortages in some agricultural products in the south as well as an ‘opportunity’ for (re)establishment of the links between the two communities (Interview no.32).

On the other hand, ethno-politics plays a major role in Greek Cypriot civil society and prevents the development of a fertile ground for the movement of goods. Firstly, there is reluctance among Greek Cypriot buyers towards Turkish Cypriot products, which is often referred to as a psychological barrier to trade (European Commission 2010:8, 2012: 8, 2017: 6, interview no.7). In more specific terms, these barriers are guided by ethno-politics that argue trading with the north is ‘wrong’ and ‘inappropriate’ because it means supporting the ‘enemy’ – who ‘invaded’ ‘their’ home – as well as making the division of the island ‘permanent’ (Interview no.5, interview no.1, no.4). The role of psychological barriers in mediating the movement of goods can be contextualised by the following examples:

Firstly, it has not been possible for Turkish Cypriot producers to stock any end/shelf products in Greek Cypriot supermarkets, which would be directly available to the consumers (European Commission 2007: 8, 2012: 8, 2017: 6). According to the president of the CTCI:

We lobbied the Greek Cypriot supermarket unions for putting some Turkish Cypriot end products to the supermarket shelves in the south [...] Members were very reluctant to not to be despised publicly and it has never materialised (Interview no.21).

Consequently, the movement of goods remained limited to products such as building and construction materials and agricultural products (see more in section 4.4), which do not include branded packaging or any other indicators that the product originates in the north. In such an environment, the number of Turkish Cypriot companies who have participated in the International Trade Fair organised in the south has also decreased over the years from 53 in 2005 to 16 in 2006, 3 in 2007, and 0 in 2008 and so on (European Commission 2008: 7). However, it should be noted that this is not the case for the movement of goods from the south to the north. Depending on the demand, some well-known Greek Cypriot products
(such as alcoholic drinks, coffee) appear on a number of Turkish Cypriot supermarket shelves, and this is not being critiqued by the Turkish Cypriot civil society (Interview no.3).

Secondly, Turkish Cypriot economic operators have also been unable to advertise their products (and services) with Greek Cypriot media outlets (for example see European Commission 2008: 9). What is more, an interviewee stated that there has been only one example of such an advertisement during the early years of the movement of goods. Nevertheless, the newspaper received widespread criticism from the Greek Cypriot civil society, and has therefore never advertised Turkish Cypriot products again (Interview no.6). On the other hand, a former TCCoC president admitted that they also replicated the approach of the Greek Cypriot newspapers and compelled Turkish Cypriot newspapers not to advertise Greek Cypriot products (Interview no.8), even if they have not always been successful (Interview no.3).

It should also be noted that these psychological barriers are not only the reluctance of the buyer due to ‘ethical considerations’ (supporting the ‘enemy’) but also through ‘fear’ of the Greek Cypriot authorities as well as ‘pressure’ from the wider public (Interview no.7; Interview no.8). For instance, an interviewee claimed “we know that people who were buying from the north were targeted and experienced an increased number of visits from government officials” (Interview no.48). Furthermore, among the civil society, a plastic producing company sent out ‘warning’ letters to Greek Cypriot companies in 2009 to discourage them from such trade:

Dear Customer,

Recently various products have been seen in the market aimed to compete with our company’s products. The producing company of these products cannot be found […] our fully correct information confirms that these products come from our invaded territories, specifically, produced in our factory in Famagusta illegally, which was taken from us in 1974. Therefore, besides such activity being insulting, it is also causing unwanted competition for us. This insult is not only for us, as legal owners, but also for the people of Cyprus as a whole. It is not only harming our national dignity that this factory, which belongs to us, is raped by the invader Turks with some cooperating Greek Cypriots, it is also damaging our national dignity […] Therefore, during the time of this economic crisis, we need to act to protect our national economy and dignity… We will begin with expecting you to support our rightful views [and not buy the Turkish Cypriot products]. Otherwise, we will take every serious measure needed not only against the invaders, but also those who accept their products. For example, we will
invite those who cooperate with them to give up, publicize their names, and will announce our reason to end cooperation with them [...] (Lordos Plastics 2009).

Similarly, a recent report regarding the implementation of the GLR indicated that there has been pressure on Greek Cypriot traders by Greek Cypriot producers in relation to potatoes coming from the north Cyprus (European Commission 2017: 6). Moreover, the Greek Cypriot Church, as an influential actor among the Greek Cypriot civil society, has also been critical of the movement of goods. Such as, when the south purchased electricity from the north in 2011 and 2012 (see section 4.4), the Church despised it and stated that “we should light up candles but not use ‘Turk’ electricity” (Interview no.8). Furthermore, when the Church discovered that a Greek Cypriot municipality purchased stone materials from the north to construct the pavements in the south, it called on the Greek Cypriot community ‘not to walk on the Turkish stones’ (ibid).

Within such a context, even if the buyer in the south does not see trade with Turkish Cypriot companies as ‘inappropriate’, they have frequently paid sufficient attention to maintain it at a very low-profile, and preferably ‘hidden’. For example, Turkish Cypriot producers have often been told by their Greek Cypriot buyers “please bring the products in the evening, so that nobody can see me” (Interview no.1). One of those Turkish Cypriot traders related in an interview:

When I deliver our products to the south, I am often asked by the Greek Cypriot buyers to take off all the tags and stickers indicating that the product is made in the north. They don’t even want me to dispose of these in the bins at their place just to make sure that no one will discover that they trade with a Turkish Cypriot company. So, after I complete the procedural work on movement of goods to the south and arrive at the buyer’s place, I take the tags off in my vehicle before unloading the goods and I keep them in my vehicle to dispose of later (Interview no.25).

The role of ethno-politics among the Turkish Cypriot civil society is not as visible as in the Greek Cypriot civil society, in general. Nonetheless, it is worthy to note that Turkish Cypriot traders, who used the ports in the south to trade with other EU members, were also heavily criticised in 2006. A leading newspaper from Turkey reported the issue with the title “A Turk [Turkish Cypriot] is using the Southern port: ‘Potatoes treason’ boomed in the TRNC” and exposed the traders along with their photographs and names to the public (Hürriyet 2006 a,
see also Hürriyet 2006 b). As noted in section 4.5.b, the north is no longer permitting Turkish Cypriots to use the ports in the south for trade with political considerations. Therefore, ethno-politics regarding the movement of goods also plays a role in the north too. However, rather than intra-island trade, this sensitivity concerns Turkish Cypriots using the ports in the south.

This section investigated how the EU effect on movement of goods has been mediated by the role of ethno-politics in civil society in Cyprus. It has been argued that there are psychological barriers and ‘stress’ put on buyers among the Greek Cypriot civil society, which significantly constrains the movement of goods. It is likewise noted that, although to a much lesser extent, ethno-politics also plays a role within the Turkish Cypriot civil society. The next section will analyse how governance mediated the EU effect on movement of goods in Cyprus.

4.5.d. The Role of Governance

While the previous section analysed how the role of ethno-politics in civil society mediated the EU effect on the movement of goods in Cyprus, this section demonstrates how this effect has been mediated by another domestic factor – the role of governance. It will be argued that incomplete and inconsistent application of the GLR by the RoC and institutional incapacity of the TRNC in applying the EU’s production and quality standards extensively has significantly negated the EU effect on the movement of goods in Cyprus.

Before the analysis, it is worth to highlight that the European Commission organised seminars and training in both Brussels and Nicosia for helping both traders and the two Cypriot communities to understand how the movement of goods (from the north to the south) works and what the requirements are for doing such trade. For example, information seminars on procedures were introduced in Nicosia in cooperation with the Turkish Cypriot and Greek Cypriot chambers of commerce in 2007, 2008, and 2014. Additionally, in 2009, the European Commission organised a study tour to Brussels for officials from the TCCoC on the CE certification (European Conformity certificates for products) and a further seminar on the topic was organised in Nicosia for traders by the TAIEX\textsuperscript{42} mission there (Interview no.2). While

\textsuperscript{42} EU Technical Assistance and Information Exchange Instrument
these seminars and training sessions are positive regarding the development of the movement of goods, such activity has been significantly limited by the role of governance in the domestic setting.

Firstly, the GLR has not been fully applied by the RoC; therefore, the range of products that can be traded across the Green Line has narrowed down significantly. Specifically, processed food is legally allowed under the GLR (see section 4.3). However, the RoC changed its policy in 2011 and no longer allows trading of processed food. Their argument is that the government is obliged to monitor and ensure application of the relevant bodies of EU *acquis* in production, particularly health and hygiene rules; yet it is unable to do this in the north (European Commission 2011: 7, 2013: 7, 2017: 6; interview no.16, no.31). Similarly, the RoC changed its policy on trading of food contact materials (notably plastics and cartoon) as of 2015, and prevented trading of those materials as well by applying the same policy on processed food (European Commission 2016: 7).

The European Commission’s consistent position over the years implies that “ensuring application of the EU *acquis*” is not a valid argument; therefore, trading of these products should not be prevented:

> The Commission had informed the authorities of the Republic of Cyprus that there are no grounds under the Green Line Regulation to carry out checks other than those provided for in that Regulation, in particular to carry out checks of premises in the areas to assess if production takes place in line with Union rules. While they could take samples of the products for further analysis, they should not prevent all processed food products from crossing (European Commission 2014: 8, see also 2013: 7, 2016: 7, 2017: 6).

Upon receiving many complaints on this issue (European Commission 2016: 7, 2017: 6), the European Commission attempted several times to resolve the matter by putting a mechanism in place for addressing the health and hygiene considerations; nevertheless, a solution has not been possible at the time of writing (European Commission 2014: 8, 2015a: 8). For example, a Turkish Cypriot plastic producer reported that:

> We increased our production capacity by 25 to 30% for meeting the demand for our plastic products such as plastic containers, bottles for olive oil and detergents, and bottle caps. However, after 2015, this trade was stopped by the Greek Cypriot authorities [...] despite we
provided test results from a laboratory in the south showing that our products were safe for contacting food [...] In the end, we made an economic loss, as we have not been able to sell the products as were planned (Interview no.25).

Likewise, a Turkish Cypriot cartoon producer revealed that they previously sold cartoon packaging for pizza. However, after failing to sell their products as planned earlier following to the RoC’s policy change in 2015, they made a loss of approximately €12k (Interview no.26). Within such a context, Turkish Cypriots can mostly sell raw, basic, or scrap materials rather than value-added goods through the GLR. This means, while the product range – which can be traded across the Green Line – is already limited by the institutional design of the GLR (see section 4.3), the established range also cannot be exploited to its full potential. Therefore, the role of governance has mediated and negated the EU effect on the movement of goods in Cyprus.

Secondly, the GLR has not been applied on movement of goods consistently by the RoC. For example, although the policy change of the RoC on processed food was made in 2011, interviewees highlighted that the Greek Cypriot authorities have been making such trade very difficult by very slow administrative process, holding all the food for safety tests, and asking the producers if they would continue to do such trade (Interview no.21, no.29). Moreover, in 2012, although a consignment of potatoes was given the required phytosanitary certificates by experts sent by the European Commission, the Greek Cypriot authorities held the potatoes in quarantine to undertake further pesticide tests (European Commission 2012). In the end, there was an ‘attack’ on the storage, in which the potatoes were charred (Interview no.3). Upon this development, the Turkish Cypriot producer was furious, complaining that they had complied with all the procedures but were still not allowed to do this trade (Interview no.5).

Furthermore, it was reported in 2010 that while the Greek Cypriot authorities allowed the crossing of some consignments of construction materials, other of the same materials were not allowed on the grounds that they were not CE certified (European Commission 2010: 7). These inconsistencies mean that even the products, for which there are no explicit prohibitions on their trade, cannot always be traded smoothly across the Green Line. For that reason, an interviewee suggested that the Green Line trade is not perceived as a ‘safe’ and ‘sustainable’ opportunity by Turkish Cypriot producers to invest in and plan upon (Interview
no.6). Accordingly, governance at the domestic level has mediated and negated the EU effect on the movement of goods in Cyprus.

Thirdly, although trade of live animal and animal products is prohibited under the GLR, it is also indicated that these prohibitions shall be lifted depending on laying down of the conditions by the European Commission and on application of the EU’s production and quality standards in this area by the TRNC (see section 4.3). For instance, this prohibition has been lifted for two products (fresh sea fish and honey) as of 2007 after the experts sent by the European Commission confirmed that the products had been in line with the EU standards (Interview no.3). On the other hand, although the EUCC and TCCoC officials expressed their interest and readiness for working with the European Commission to lift all prohibitions in this area (especially dairy, farmed fish, snails so on), both indicated that the north Cyprus lacks an institutional capacity in its current form (Interview no.5, no.23). This is because there is a complex and extensive body of EU rules and regulations on this area, for which adopting the relevant laws is not enough and monitoring their adequate application by the producers is also a significant challenge (Interview no.5, no.28).

It should be further noted that the north Cyprus has passed several acquis complaint laws in order to increase living standards in the north and facilitate trade both across the Green Line and with other EU member states such as on animal welfare (8/2013), food safety (56/2014) and product safety (42/2014) (Interview no.28, no.2 no.5, no.7). These laws were passed by benefitting from the technical and financial assistance provided by the European Commission via the instruments of Financial Aid Regulation and TAIEX mission in Nicosia (Interview no.9, see also Kyris 2015: 105). However, according to the president of the TCCoC:

We [the north Cyprus] need extensive technical and financial support from the EU for achieving application of the EU’s standards on live animal and animal products. The current support instrument of Financial Aid Regulation will not be enough to achieve this (Interview no.23).

According to a Turkish Cypriot official, if one compares this to the EU accession process of the Greek Cypriots, this amounts to about ten years of extensive financial and technical support to adopt relevant laws, build the infrastructure, and facilitate the increase in standards of production; for which the north Cyprus does not have similar access to support from the EU.
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Therefore, the extent to which the north Cyprus can apply to relevant bodies of the EU’s *acquis* in order to extend the products eligible for the movement of goods across the Green Line in Cyprus is interlinked by the institutional incapacity of the north in applying the EU’s production and quality standards. Hence, the role of governance at the domestic level is mediated and negated the EU effect on the movement of goods in Cyprus.

This section investigated how the role of governance mediated the EU effect on the movement of goods in Cyprus. It has been highlighted that incomplete and inconsistent application of the GLR by the RoC, and institutional incapacity of the TRNC in applying the EU’s production and quality standards extensively, has significantly negated the EU effect on the movement of goods in Cyprus. The next section will deal with hypotheses of this thesis and provide concluding remarks.

4.6. Conclusion

This chapter investigated the EU effect on the movement of goods across the Green Line by looking at the economic value of this activity and the factors that mediated this effect. This focus forms part of this thesis’ research question that is:

*To what extent did the EU’s liberal peace project facilitate the movement of goods between the north and the south and contribute to the development of economic cooperation in Cyprus?*

It was found that the movement of goods occurs at low levels across the Green Line. The peak of such activity was in 2008, when the total value of movement of goods in both directions reached €8.5 million. This could be regarded as the first time that such activity began to occur at meaningful levels. The economic value of movement of goods from the north to the south during 2008, €7.1 million, constituted 12% of the annual €50 million total of exports from the north Cyprus. However, generally this activity occurred at a much lesser extent, at an average of approximately €4.1 million between 2004 and 2016, and therefore not at significant levels
in light of the EU’s liberal peace project on the island. On the other hand, movement of goods from the south to the north occurred to an even lesser extent, at approximately only €1 million per year on average during the same time period. This therefore represents an insignificant value in regard to interdependence between the south and the north of Cyprus.

One major factor that has contributed to this outcome has been shortcomings in the design of the EU’s GLR, which governs the movement of goods from the north to the south. Firstly, the scope of the GLR regarding the product range allowed in such a movement has been extremely limited. More specifically, Turkish Cypriots are only permitted to sell products that originate in north Cyprus (wholly obtained or processed); or heavily processed products if benefiting imported materials. Additionally, trade of all kinds of animals and animal products as well as imported goods are prohibited. It should also be noted that the TRNC has applied a principle of ‘reciprocity’, which ‘mirrored’ the conditions of the GLR, hence projecting the same restrictions on the movement of goods from the south to the north. For this reason, the scope of the GLR (and the TRNC’s regulation) inherently limited the extent to which the movement of goods could occur.

Secondly, the movement of goods has also been limited by another design shortcoming in the GLR regarding the procedural and operational aspects. Specifically, the EU did not equip the GLR with a mechanism or provision to bypass the legal and political complexities stemming from the politics of division in Cyprus. This shortcoming resulted in heavy mediation of the EU effect on the movement of goods by domestic factors as well as incomplete and inconsistent application of the GLR. For example, as the RoC deems the decisions and institutions of the TRNC as illegal, Turkish Cypriot companies are not recognised in the south and, likewise, Turkish Cypriot commercial vehicles cannot cross to the south. Furthermore, while this also makes dispute resolution problematic, even the goods allowed under the GLR, such as processed food and food contact materials, cannot be traded across the Green Line. Consequently, even the potential for movement of goods within the limited scope of the GLR (as afore-explained) has not been exploited fully. On this basis, hypothesis 1 of this thesis can be confirmed:

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43 These numbers are based on Figure 3, which excludes the exceptional one-off electricity sale from the north to the south in order to have a more accurate representation of the movement of goods.
Hypothesis 1: The EU’s liberal peace project, as reflected in the design of the GLR, was not adequate in promoting economic cooperation between the two communities in Cyprus.

While the domestic factors have been broken down into different categories (roles of the legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance), the obstacles for movement of goods under those categories have been linked to political wrangling for legitimacy between the RoC and the TRNC; in other words, the politics of division. As an example, the RoC has insisted to not apply the GLR fully arguing that as the legitimate government of the island its authorities cannot monitor the production process in the north, even though the European Commission has been critical of the RoC’s policies in this regard. Similarly, notwithstanding that the GLR opened a window of opportunity for the Turkish Cypriot community to use the ports in the south for doing preferential trade with other EU countries, the TRNC did not give permissions for such trade and applied great pressure on those who attempted to do so, with the political consideration that such trade would dilute the argument that the ports in the north should be opened for direct trade with the EU. Therefore, the second hypothesis of this thesis can be also confirmed:

Hypothesis 2. The EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

In such a limited framework, the three mechanisms of Europeanisation; institutional compliance, change of domestic opportunity structures, and cognitive change have not been substantial drivers of the Europeanisation process regarding the movement of goods in Cyprus. Firstly, the institutional compliance has not been a powerful mechanism to drive the Europeanisation process in either the north or the south. Within the context of the ongoing de facto division of the island, application of EU law has been suspended in the north of Cyprus. Accordingly, the north of Cyprus has been excluded from the EU’s customs and fiscal territory and the ‘free movement’ of goods has not been applied. This has resulted in significant limitations to the Europeanisation pressures on the north Cyprus for achieving greater institutional compliance with the EU’s acquis communautaire. Moreover, while the movement of goods from the north to the south has been regulated by the EU’s GLR, such
movement occurring in the opposite direction has been wholly subject to the TRNC’s policies; thus, presenting limitations to the EU in exerting its influence on the latter directly.

On the other hand, it should be acknowledged that the north adopted a regulation that has ‘mirrored’ the terms and conditions of the GLR and enabled the movement of goods from the south to the north. This can be characterised as an example of ideational Europeanisation in the north, where this EU-induced change took place without a requirement from the EU and indirectly extended its influence beyond the areas where EU law has been applied. Furthermore, although EU law is applied in the south and in fact implementation obligations of the GLR rest with the RoC authorities, the GLR has neither been implemented fully nor consistently. Despite the attempts of the European Commission to intervene and solve the related problems, none have been successful. Consequently, there have been also limitations to the mechanism of institutional compliance from the south in driving the Europeanisation process.

Secondly, it is very difficult to argue that the domestic opportunity structures have changed on the island. A number of Turkish Cypriot parties have emerged, who are interested in utilising the existing framework and doing Green Line trade. It should be noted that the EU’s financial and technical support to the north of Cyprus as well as seminars and training regarding the Green Line trade worked as direct tools for Europeanisation in this regard. Nonetheless, various limitations to the movement of goods as explained earlier (the design shortcomings of the GLR and domestic factors) prevented development of economic cooperation between the north and the south to high levels. Therefore, the opportunity structures have not reshuffled and the group of economic operators involved in the Green Line trade remained too small. It should be taken into account that there has been willingness from the north of Cyprus to ensure full implementation of the GLR, as well as for cooperating with the European Commission and lifting all prohibitions on movement of animals and animal products. While this could increase the movement of goods and give way to a greater change regarding the domestic opportunity structures, such change could also occur if the TRNC did not prevent Turkish Cypriots from using the ports in the south for doing preferential trade with the EU.
Thirdly, cognitive change has also not been a powerful driver of the Europeanisation process. It has been highlighted earlier in this thesis (chapter 3) that the EU’s liberal peace project established economic cooperation across the Green Line. Here, the movement of goods and development of the Turkish Cypriot economy were prerequisites, whereby the two would feed each other in order to increase economic interdependence and integration, hence facilitating reunification of the island. Yet, these objectives do not seem to have been internalised on either side of the divide. While the Greek Cypriot political elites regard development of the Turkish Cypriot economy as something contrary to reunification of the island, the Turkish Cypriot political elites have prevented Turkish Cypriots from doing preferential trade with the other EU members via the ports in the south, with similar political considerations. Likewise, the Greek Cypriot civil society perceived the Green Line trade as something ‘wrong’ and ‘inappropriate’, supporting the economy of the ‘invasion regime’ in the north (the TRNC) and attempted to put social pressure on those who trade with Turkish Cypriots. In consideration of the discussion on three mechanisms of Europeanisation, the third hypothesis of this thesis can be confirmed that, although Europeanisation is a significant tool in transforming various aspects of political and social life in candidate countries,

**Hypothesis 3.** The effects of enlargement-driven Europeanisation are severely constrained by ethno-political conflicts.

Discussion of the cognitive dimension of Europeanisation is also very relevant to understanding how liberal peace is constrained by ethno-politics. Although the institutional design of the GLR and domestic factors restricted the movement of goods, neither there has emerged a clear economic interest among the economic operators across the Green Line to trade with each other. Perhaps if such interest occurred, the economic operators could pressure the governments north and south of the divide to follow a more liberal approach on movement of goods and solve the existing problems. However, this has not been the case. Therefore, the movement of goods in Cyprus is a case, which the role of ethno-politics has not been overcome by economic interest for trade. In the opposite, the role of ethno-politics has been so strong that it prevented development of such economic interest between the two communities. Hence, the fourth hypothesis of this thesis can be confirmed:

**Hypothesis 4.** Liberal peace overestimates the effects of increased economic interaction as a tool of conflict resolution.
Overall, the movement of goods in Cyprus presents this thesis with significant findings in assessing the extent to which the EU’s liberal peace project has contributed to conflict resolution. Despite the potential for a much higher level of movement of goods across the divide, the movement of goods was significantly limited by a wide range of factors. Indeed, the GLR did not provide a comprehensive legal basis for movement of goods, and consequently the area has been dramatically open to the mediation of factors stemming from the domestic level. Therefore, based on the case of movement of goods, as opposed to the EU’s liberal peace project on the island, there are no high levels of movement of goods across the Green Line to indicate the development of economic interdependence and integration between the north and the south of Cyprus. In fact, the EU effect has been very limited and did not significantly contribute to the EU’s liberal peace project on the island.

The next chapter will analyse the EU effect on movement of services in Cyprus and the extent to which the GLR provided a workable basis for development of economic links between the north and the south of Cyprus.
CHAPTER 5. THE EUROPEAN UNION AND THE MOVEMENT OF SERVICES IN CYPRUS: THE LIMITS OF LIBERAL PEACE?

5.1. Introduction

The previous chapter (4) studied the EU effect on movement of goods in Cyprus. As the chapter noted, the level of economic activity has punched below its potential however, due to negation of the Europeanisation process by the design shortcomings of the Green Line Regulation (GLR) and domestic factors. In other words, the extent to which the GLR facilitated movement of goods and worked as a mechanism for the EU’s liberal peace project on the island has been rather limited, if not symbolic. The movement of services, on the other hand, could profoundly achieve a much higher level of economic cooperation across the Green Line and champion liberal peace on the island. This is because both the Turkish Cypriot and Greek Cypriot economies rely heavily on the service sector, rather than manufacturing. Yet no significant level of economic activity has occurred between the two sides in services either; in fact, many services cannot be traded across the Green Line at all. This is clearly a major setback to the EU’s liberal peace project in Cyprus, but it also presents the thesis with an interesting empirical puzzle: why has such a fertile ground for economic cooperation remained under-utilised?
In that regard, this chapter follows the same analytical structure as Chapter 4 and studies the EU effect on the movement of services in Cyprus by looking at the extent to which the Green Line Regulation (GLR) has facilitated such economic activity as well as the extent to which it worked as a mechanism for the EU’s liberal peace project on the island based on the level of economic activity that occurred between the Greek Cypriot and Turkish Cypriot communities. In doing so, it tests the four hypotheses formulated in Chapter 2 of this thesis whether the EU’s liberal peace project on the island was well designed [H1], if it has paid enough attention to the role of the politics of division [H2], and if the role of ethno-politics is limiting the effects of Europeanisation [H3] and liberal peace [H4].

The length and scope limitations of the thesis require a selective focus on the number of sectors investigated in the chapter. In order to ensure a systematic approach to the movement of services, the chapter will focus on four key areas of the service sector: utilities, transport, tourism, and small-scale services. Each of these sectors have relevance to the movement of services across the divide. Although studying other areas would also add to the merits of the discussion, such as health sector, the main intention of this chapter is to investigate how the design and implementation of the GLR as well as the factors at the domestic level mediate the Europeanisation process and advancement of the EU’s liberal peace objectives on the island. The aforementioned sectors already provide a range of excellent test cases to adequately fulfil this purpose in the area of movement of services. The conceptual framework is linked to the Europeanisation and liberal peace literatures, reviewed in Chapter 2. The EU effect is tested through three mechanisms of Europeanisation: institutional compliance, change of domestic opportunity structures, and cognitive change; and the level of economic activity is positively correlated with indication of liberal peace on the island.

The chapter is structured in six sections. The next section (5.2) sheds light on the composition of the Turkish Cypriot and Greek Cypriot economies with a focus on the significance of the

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*The term ‘sector’ is also widely referred as ‘area of economic activity’. The United Nations Statistics Division classification of economic activities, ISIC Rev.4, groups the aforementioned sectors slightly different. For example, telecoms and professions are listed as main areas of economic activity, rather than sub-areas, and there is no activity area named as ‘small-scale services’. For the purpose of developing a discussion, however, which is more focused on the reasons of non-cooperation, it is useful to group the sectors this chapter looks at under the four main categories, as above.*
service sectors in them. The third section (5.3) reviews the procedural and institutional aspects of the movement of services under the GLR and discusses the extent to which the area is adequately addressed. The fourth section (5.4) presents empirical information which shows the type of services that can cross the Green Line and to what extent; the types of services that are unable to cross are also presented. The following section (5.5) sheds light on the factors that mediate the EU effect on the movement of services in the domestic setting by looking at the roles of legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance. Finally, the concluding section (5.6) revisits the research question, addresses the hypotheses of this thesis, and comments on the comparative value of the movement of services in Cyprus as a case for the scholarly literatures on Europeanisation and liberal peace.

Secondly, it is important to note that the movement of services under the GLR is not tracked and there is no unified body of economic data on it. While a major challenge for the analysis in this chapter it is still possible to undertake an overall assessment by investigating the cooperation in the areas of the service sector, which this chapter concerns, separately. A fundamental reason of absence of economic data is in fact absence of a meaningful level of movement of services across the Green Line. It will be indicated that many services focused in this chapter cannot be traded at all, despite some attempts. In that context, the factors which prevented the movement of services are much more relevant to this thesis and useful conclusions can be drawn on that basis. Therefore, in light of the absence of ‘hard data’, this chapter provides empirical information drawn from newspaper articles and interviews, which shows the types of services that can cross the Green Line, to what extent but also those which cannot cross at all.

5.2. A Fertile Ground for Cooperation: The Two Service Based Economies of Cyprus

The Turkish Cypriot and Greek Cypriot economies are small, open and free-market based economies. As a typical characteristic, small island economies usually rely on the service sector rather than heavy industrial manufacturing. This is due to problems of small domestic market, external dependency on natural resources and challenges with transportation
(Çapanoğlu and Özkurt 2013, USAK 2008). Turkish Cypriot and Greek Cypriot economies are no exception to this characteristic, which feeds the expectation that high levels of economic cooperation in the movement of services is more likely to occur, compared to movement of goods. In order to contextualise the significance of the service sector in the Turkish Cypriot and the Greek Cypriot economies, this section will present empirical data on the sectoral distribution of the Turkish Cypriot and the Greek Cypriot economic outputs (GDP) and employment of their workforce by economic activity.

According to the latest available data (Figure 5), the service sector contributed 70.6% to the Turkish Cypriot economic output in 2015 (TRNC SPO 2015b: 7). Public services (16.8%), business and personal services (including higher education) (13.9%), wholesale and retail trade (10.7%), and tourism by (9%) are important areas under the service sector. Apart from tourism, education is also a significant sector in the Turkish Cypriot economy with the number of university students in the north representing 24% of its population, which is exceptionally high (Girişim Merkezi 2016). The service sector is followed by industry (9.2%), agriculture (6%), and construction (4.7%). It is worth noting that industrial economic activities are mostly light manufacturing such as food and beverages, furniture and fixtures, construction materials, metal and non-metal products, textiles and clothing (CIA’s Factbook 2017). Dominance of the service sector in the Turkish Cypriot economy is also explicit through the figures of employment of the workforce by economic activity. According to the statistics, 78.4% of the active population has been employed in the service sector in 2016. These figures are followed by industry (9.8%), construction (8.2%), and agriculture (3.6%) (TRNC SPO 2016: 4).

**FIGURE 5. Sectoral Distribution of Gross Domestic Product in the Turkish Cypriot Economy (Current Prices, %)**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agriculture</td>
<td>5.3</td>
<td>5.5</td>
<td>6.0</td>
</tr>
<tr>
<td>1.1. Crop Production</td>
<td>2.3</td>
<td>2.6</td>
<td>2.9</td>
</tr>
<tr>
<td>1.2. Livestock Production</td>
<td>2.6</td>
<td>2.5</td>
<td>2.8</td>
</tr>
<tr>
<td>1.3. Forestry</td>
<td>..</td>
<td>..</td>
<td>..</td>
</tr>
<tr>
<td>1.4. Fishing</td>
<td>0.4</td>
<td>0.4</td>
<td>0.3</td>
</tr>
<tr>
<td>2. Industry</td>
<td>8.4</td>
<td>8.8</td>
<td>9.2</td>
</tr>
<tr>
<td>2.1. Quarrying</td>
<td>0.6</td>
<td>0.5</td>
<td>0.7</td>
</tr>
<tr>
<td>2.2. Manufacturing</td>
<td>2.9</td>
<td>3.1</td>
<td>3.7</td>
</tr>
</tbody>
</table>

45 This figure is the sum of the percentages in figure 1, lines 4 to 9.
46 This figure is included in the business and personal services, see figure 1.
The Greek Cypriot economy is approximately four times bigger than the Turkish Cypriot economy (CIA’s Factbook 2017) but shares a similar composition with the dominance of the service sector in the economy. According to the latest available official statistics (Figure 6), the service sector contributed 84.1% to the Greek Cypriot economic output in 2012 (CYSTAT 2015). The provisional figures suggest that this number has slightly risen to 86.7% in 2016 (CYSTAT 2017a). Within this sector, wholesale, retail and motor vehicle repairs (13.8%), real estate activities (11.8%), financial services (8.5%), tourism (6.3%) and education (6.3%) are important economic activities. Similar to the Turkish Cypriot economy, this is followed by industry (8.3%), construction (5.3%) and agriculture (2.4%). The figures on employment of the workforce by economic activity also indicates significance of the service sector in the Greek Cypriot economy with 65.5% of the active workforce employed in this sector in 2016. These figures are followed by industry (8.9%), construction (6.9%), and agriculture (3.9%) (CYSTAT 2017b). The share of Turkish Cypriot and Greek Cypriot workforce employed in the service sector is significantly high (comparatively, 51% in Turkey. See Girişim Merkezi 2016).

### FIGURE 6. Sectoral Distribution of Gross Domestic Product in the Greek Cypriot Economy (Current Prices, %)

<table>
<thead>
<tr>
<th>Economic Activity NACE Rev. 2</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Agriculture, forestry and fishing</td>
<td>2.3</td>
<td>2.4</td>
<td>2.4</td>
</tr>
<tr>
<td>B. Mining and quarrying</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
</tr>
<tr>
<td>C. Manufacturing</td>
<td>5.8</td>
<td>5.5</td>
<td>5.1</td>
</tr>
<tr>
<td>D. Electricity, gas, steam and air conditioning supply</td>
<td>1.7</td>
<td>1.7</td>
<td>2.1</td>
</tr>
<tr>
<td>E. Water supply; sewerage, waste management and remediation activities</td>
<td>0.8</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>F. Construction</td>
<td>8.1</td>
<td>6.7</td>
<td>5.3</td>
</tr>
</tbody>
</table>

47 This figure is sum of the percentages in Figure 6, lines G to T.
This section has shown that both the Turkish Cypriot and Greek Cypriot economies in Cyprus rely heavily on the service sector. As the bulk of the economic activity in both sides occur in this area, it is meaningful to argue that there is fertile ground for economic cooperation in the area of movement of services, which can champion liberal peace on the island. The next section will present the institutional and procedural aspects of the implementation of the movement of services, as it reflects in the design of the GLR. Additionally, it will discuss the extent to which the GLR is an adequate framework for utilizing the existing fertile ground for economic cooperation but also the extent to which it can work as a mechanism for the EU’s liberal peace project on the island.

5.3. An Inadequate Design: The Green Line Regulation and Movement of Services in Cyprus

The preceding section contextualised the significance of the service sector in both the Turkish Cypriot and the Greek Cypriot economies, which makes the movement of services a promising area for the EU’s liberal peace project on the island. This section sheds light on the institutional and procedural aspects of the GLR, discussing the extent to which the GLR can facilitate the movement of services through its design and act as a mechanism for the EU’s liberal peace project on the island.
As it was highlighted earlier (chapter 1), the GLR’s mandate is only in one direction, from the north to south. This is because of the non-application of the EU law in north Cyprus. In this context, the GLR can regulate only what enters from the north to the south. In other words, from the areas, which the EU law is not applied, to the areas, which it is applied. Such movement has been regulated by the Article 7 under the Title IV of the GLR (European Commission 2005a). According to the Article;

To the extent that services are supplied across the line to and from persons established or having their permanent address or usual residence in the areas of the Republic of Cyprus which are not under the effective control of the Government of the Republic of Cyprus, these services shall for VAT purposes be deemed to have been supplied or received by persons established or having their permanent address or usual residence in the areas of the Republic of Cyprus under the effective control of the Government of the Republic of Cyprus (ibid).

With regards to the implementation of the movement of services (and unlike the movement of goods) the EU did not authorise the TCCoC or any other Turkish Cypriot body as a partner institution. This is because issuance of certificate (certificates of origin, for example) is not needed for the movement of services as such services will either be provided by Turkish Cypriot companies directly in the south or through agreements between the companies of the north and south. Another aspect that needs to be highlighted here is that there are no specified conditions or limitations to the movement of services in the GLR. As a result, at a first glance, the services area appears to be ‘freer’ from the procedures and restrictions that apply to the movement of goods, and the fertile ground it provides for economic cooperation could be effectively utilised in pursuing the EU’s liberal peace project on the island.

On the other hand, there are two particular aspects that cast shadow over such utilization. These aspects are related to the design shortcomings of the GLR, which inherently constrain the extent to which the GLR can facilitate the movement of services in Cyprus. Firstly, regulation of the movement of services, as reflected in the GLR, is extremely narrow in terms of both length and scope. It is regulated by one paragraph only, which is exclusively concerned with taxation. This is a sharp contrast to movement of goods, which occupies 3 pages of the 11-page regulation with clarifications as well as the terms and conditions related to such economic activity (European Commission 2005a: Title III, also see chapter 4). Absence of clear definitions and specifications has meant that the precise meaning of the movement of
services, the types of services which can be traded across the Green Line, and under what circumstances. In fact, the interviewees frequently questioned what a service is and suggested that installation and repair, entertainment, or information technology services can all be seen as examples of it (Interview no.36, no.31, no.35).

It should be stressed that all of these examples only resonate with small-scale services an implication that emanates from the ambiguous nature of the GLR. One could well argue that a clear definition of services in the GLR is not needed or perhaps is against the legal practice. It is equally important to note however, that neither there have been any EU-sponsored information sessions and training activities for the Cypriot service providers to clarify what the area refers to, nor how the potential opportunities under it could be utilised (Interview no.36). It was indicated earlier (see chapter 4) that training and knowledge transfer have acted as a direct route of Europeanisation regarding the movement of goods in Cyprus. However, regarding the movement of services, such route has not been utilised, at all. This can be seen as another indication of the fact that the GLR is not developed enough to offer substantial opportunities to be exploited.

A more explicit problem which occurred due to the narrow scope of the movement of services had been related to the ‘temporary introduction of goods’ into the south. This refers to Turkish Cypriot companies taking their equipment along to the south for providing their services or receiving repair services there. The GLR initially did not cover such crossings, making it very problematic. In order to address this issue, the EC amended the GLR in 2008 and allowed temporary introduction of goods from north to the south, for up to six months. According to the EC, this was done to encourage “the provision of services” by companies established in the north:

The temporary introduction of goods from the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control into the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus exercises effective control should be regulated, in order to encourage the provision of services by companies established in the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control across the line and in order to facilitate participation by those companies in trade fairs or similar events in areas of the Republic of Cyprus in which the Government of the Republic of Cyprus exercises effective control.
Furthermore, goods destined to be repaired in the areas of the Republic of Cyprus in which the Government of the Republic of Cyprus exercises effective control should be allowed to cross the line (European Commission 2008, amendment: 3).

At this point it should be highlighted that this is the only amendment made by the EC to the GLR on the movement of services since the regulation has first been implemented in 1 May 2004.

The second design shortcoming is that the GLR ignores legal and political complications, which largely stem from the politics of division, by its design. In view of the purpose of the GLR, which aims to regulate and facilitate the movement of services in the context of the ongoing de facto division, this is a major shortcoming. In order to enable the GLR’s operation as a mechanism for liberal peace on the island, it had to be tailored for providing a depoliticised legal framework for movement of services (as well as goods), where the political and legal complexities stemming from the politics of division could be bypassed. Currently, the GLR is deficient on these respects. Therefore, those political and legal complexities at the domestic level dramatically mediated the movement of services and prevented development of a fertile ground for cooperation across the Green Line (section 5.5). These design shortcomings cast inherent limitations to the extent to which the GLR can facilitate the movement of services and work as a mechanism for the EU’s liberal peace project on the island. As one TCCoC official put it succinctly, “we can develop projects; such as mobile interoperability, electricity interconnectivity [...] however, these [their materialization] are at a political level, above us” (Interview no.35). Therefore, the movement of services is not adequately addressed by the GLR, which is also recognised by the TCCoC, whose public position has been that “the movement of services dimension...is not adequately developed in the Regulation” (TCCoC 2013).

Indeed, it is worth to highlight before concluding this section that it remains questionable, whether the EU’s expectations of increased economic cooperation and interdependence, as reflected in the GLR, really apply to the movement of services compared to the movement of goods and persons. The inadequate design of the GLR signals that it does not do so because the EU seem to lay down only the basics about the movement of services (taxation) in order to legally accommodate this activity over the de facto Green Line into EU law rather than an
evident ambition to pursue high levels of such activity, hence liberal peace on the island. Another indication that supports this position is the exclusion of the movement of services from the GLR’s annual reports published by the EC. While these reports briefly comment on the potential signs of economic interdependence and integration on the island with both the movement of goods (see chapter 4) and persons (see chapter 5) discussed in dedicated sections, the movement of services is almost completely left out. In the interviews conducted with EU officials, they refrained from commenting on these aspects but only stated that the area is not tracked (Interview no.33, no.18, no.12).

This section has shown that the GLR has not adequately addressed the movement of services, due to its design shortcomings which inherently limit the extent to which it can facilitate such economic activity and work as a mechanism of pursuing the EU’s liberal peace project on the island. The next section will present empirical information about the extent to which the movement of services occurred in Cyprus.

5.4. Making No Headway: The Level of the Movement of Services in Cyprus

The previous section provided an overview of the procedural aspects in the implementation of the movement of services under the GLR and the extent to which the GLR can facilitate the movement of services in Cyprus. This section aims to present empirical information on the extent to which the movement of services occurred and highlight what type of services cannot cross the Green Line at all by looking at utilities (here refers to: sewerage, water, electricity, telecommunications), transport (haulage and passenger), tourism and small-scale services (refers to services provided by companies or individuals). As it was acknowledged in the introduction of this chapter, information in this section comes from newspaper articles and interviews due to absence of ‘hard data’.

The de facto division of Cyprus in 1974 not only resulted in the territorial division and ethnic segregation of people but also meant cutting off of all kinds of links between what has become the north and the south. This includes separation of all sectors and infrastructure along with every kind of administrative authority. Yet it is worth highlighting that while the
division consolidated separation in services, what is referred as ‘separate municipalities’ issue
(relating to public utility services such as waste management), fuelled violence between the
two communities in the main towns of Cyprus in early 1960s (see chapter 3).

The earliest example of cooperation in the area of utilities in the post-division era ironically
dates back to 1978, few years after the division, during when the relations between the two
communities were still ‘hostile’. Breaking away with the paradigm of separation, Lellos
Demetriades and Mustafa Akıncı, the then mayors of the Greek Cypriot and Turkish Cypriot
parts of Nicosia respectively, cooperated for the pressing sewerage need of their divided city
(The New York Times 1982). They agreed to complete the construction of the common
sewerage system, which had been interrupted with the division of the island in 1974. With
this project, wastewater from both parts of Nicosia has been collected and treated in a
treatment plant located in the north. Furthermore, in early 2000s, a new ‘state-of-the-art’
wastewater treatment plant and infrastructure was built and has become operational in 2013.
This project was run under the United Nations Development Programme (UNDP) and was
partially funded by the EU (UNDP 2017; interview no.43).48 There is no record of cooperation
in the area of water services. However, it is worth reflecting that water scarcity has been a
problem in Cyprus for decades. Recently, a pipeline has been constructed in the eastern
Mediterranean, which carries water from Turkey to north Cyprus although there were no
explicit demands from the Greek Cypriot side or invitation from the Turkish Cypriot side to
cooperate in this area at the time of writing (Interview no.43).

In electricity, the grids were separated in 1996 which meant that for 22 years following the
division, electricity was supplied to the north from the south (Interview no.41).49
This was because of the practical challenges of separating the electricity grids and the hope
that the island could reunite rather than cooperation between the north and the south. The
Turkish Cypriots needed to develop a power plant in the northern coast of the island and the
Greek Cypriots needed to separate the lines, which feed the electricity network in the north

48 The share of Turkish Cypriot side in this project was covered by the EU’s financial aid programme for the
Turkish Cypriot Community
49 The cost of the electricity provided to the north during that period continues to be a political issue between
the two sides.
Nonetheless, the two sides cooperated in this area in 2011. As it was pointed in Chapter 4, the Greek Cypriot side experienced a serious power shortage on that year when an explosion in the Evangelos Florakis Naval Base highly damaged the Vasiliko power plant located next to it followed by the decision of the authorities to purchase electricity from the north. Although this was an exceptionally major emergency situation, the two sides have been frequently encountering electricity problems related to insufficiency or phase instability due to their small electricity network (Interview with no.41).

On this basis, the two sides agreed in 2015 to merge the electricity grids between the north and the south (In-Cyprus 2016). This agreement was among a list of agreed confidence-building-measures (CBM’s) between the Greek Cypriot leader Nicos Anastasiades and the Turkish Cypriot leader Mustafa Akıncı to build inter-communal trust and ease some difficulties in Cypriots’ lives. The list also included mobile-interoperability, (elaborated below in this section) and opening of the two crossing points at Lefka-Aplici/Lefke-Aplıç and Deryneia/Derynia. Although the electricity inter-connectivity and mobile interoperability projects were framed as CBM’s, the TCCoC’s president Fikri Toros said “once done, they will be also great examples of trading of services in Cyprus” (Interview no.23). The electricity inter-connection was accelerated after the north experienced problems in its power plant (Famagusta Gazette 2016). On 1 January 2016, the Cyprus Electricity Authority and the Cyprus Turkish Electricity Authority announced inter-connection of the two sides’ grids from two connection points (Cyprus Puzzle 2016). The connection is not being used to continuously to trade-off electricity but is keeping the electricity phases of the two sides synchronised to bring stability and is also a back-up infrastructure for other potential future emergency situations (Interview no.41). It represents another area of inter-communal cooperation in Cyprus.

In the area of telecommunications, the biggest obstacle is the lack of island-wide mobile network coverage. The mobile phone operators can neither directly provide their services across the divide nor do this indirectly through trading services with the operators across the divide. Currently, when people cross the Green Line from either side, their mobile phones lose network reception making phone callings impossible (see Cyprus Mail 2014; interview

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50 Tekneçik Power Plant in the northern Coast became operational in 1996.
no.23). It is also worth mentioning that the north Cyprus does not have a country calling code or international postal address due to its non-recognition by the International Telecommunication Union and the Universal Postal Union. The international calls are routed via Turkey’s dialling code (+90) followed by an allocated province code (392); where all mails are addressed ‘via Mersin 10, Turkey’, as if north Cyprus is a province of Turkey. Additionally, as the south uses the country calling code, which has been allocated to Cyprus (+357), calls between the north and the south go through Turkey and take place as international calls.

For resolving the mobile interoperability issue, there have been discussions between the Greek Cypriot and Turkish Cypriot chambers of commerce in 2013 and 2014; however, no outputs were produced at the time (Menteş 2014, interview no.23). As mentioned above, mobile interoperability was agreed as a CBM in 2015. In the lead of the two chambers of commerce on the island, the two sides’ mobile phone operators came together and ironed out technical aspects (such as the locations of radio towers, tariffs and so on) for a framework agreement (see Papageorgiou 2015). Although the head of the Greek Cypriot chamber of commerce Fidias Pilides confirmed in mid-2015 that technical aspects were resolved and the project was in the final stage, its materialisation was kept being postponed (Anastasiou 2015, Andreou 2015, Halkin Sesi 2015, Üzgün 2016). Eventually, the project was “put on ice”, in the words of Michalis Ahilleos, the chief-executive of the telecommunications authority of the south (Sonay 2016, Üzgün 2016). Currently, mobile phone services cannot be traded.

In the area of transport (haulage and passenger), cars (including rented cars) and minibuses from either side can cross the Green Line. Turkish Cypriot commercial vehicles (such as buses, lorries, taxis), however, are not admitted into the south because the professional driving licences and roadworthiness certificates for commercial vehicles issued by the authorities in the north are not recognised by the authorities in the south (see European Commission 2008) (see section 5.5.a). The Greek Cypriot authorities raise concerns over road safety and oblige Turkish Cypriots to obtain ‘acquis compliant’ licences from the authorities.

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51 Cyprus Telecommunications Authority (CYTA).
52 For vehicle crossings, drivers from either sides have to periodically purchase vehicle insurances at the crossing points from the respective insurance companies, which will cover their vehicles across the divide. There has been some involvement from the two chambers of commerce to develop cooperation between the two sides’ vehicle insurance companies to end this requirement, although the project has not been developed (Interview no.23).
in the south for such crossings (European Commission 2006, 2010, 2016). However, this method has been used by Turkish Cypriot drivers and companies only exceptionally, as it doubles bureaucracy and costs (Interview no.24). On the other hand, even if these licences are obtained, Turkish Cypriot commercial vehicles cannot commercially operate in the south. For example, busses, lorries and taxis cannot provide services in the south serving Greek Cypriots; they can only complete their services that they started in the north, such as shipping goods from the north to the south (Interview no.42). On the other hand, there are no such restrictions on Greek Cypriot commercial vehicles. There are also no routine public or private local transportation services across the Green Line and even in the divided capital Nicosia. Therefore, there is no cooperation in the transport services.

Tourism is an important sector for both sides’ economies in Cyprus (see section 5.2.) and cooperation between the two sides would be mutually beneficial, perhaps more so for the Turkish Cypriot tourism sector which could utilise the airports in the south that enjoy cheaper and direct flight connections, and attract tourists. It has been estimated that “200,000 to 281,000 tourists have visited the north each year between 2004 and 2009”, which is approximately 10% of tourists entering through Larnaca/Larnaka Airport” (UNDP 2011: 11-12). As a Turkish Cypriot official claimed however:

> Just like the Turkish Cypriots use the airports in the south, some non-Cypriot tourists also use those ports for their direct and cheaper airline connections when visiting and staying in the north. We do not have statistics on this number; however, majority of our tourists come from the ports in the north” (Interview no.39).

However, there are no direct cooperation between travel agencies, tourism and hotel unions (see 5.5.c). Furthermore, the aforementioned problems regarding the Turkish Cypriot transportation sector (non-admission of Turkish Cypriot commercial vehicles to the south) is another huge obstacle, which prevents the Turkish Cypriot tourism sector from benefitting the airports in the south. It is not possible, for example, for Turkish Cypriot carriers to organize airport shuttles (both routine and seasonal) between the south and the north (Interview no.42). In addition, while Greek Cypriot busses are free to cross to the north while carrying passengers, Turkish Cypriot busses are only allowed to carry Turkish Cypriot passengers to the south, if they have the appropriate licences (Interview no.40). Similarly, the Greek Cypriot
tourism agencies offer day trips for tourists, who stay in the south, to the north while the Turkish Cypriot companies are unable to do so, due to those barriers.

Finally, with regards to the small-scale services, there are some Turkish Cypriots who are registered to work and provide services in the south. Although there is no hard data on the latter, such economic activity in this area can be partially contextualised on the basis of the number of letters issued by the TCCoC for the Turkish Cypriot companies for temporary introduction of their equipment into the south. This documentation is needed by the Turkish Cypriot companies wishing to take their equipment along to south for providing or receiving services there (see section 5.5.d). According to the TCCoC, this number was 4 in 2014, 0 in 2015, and 2 in 2016 (Interview no.38), which is negligible. It is important to underline too that these letters were issued for Turkish Cypriot companies, who intended to buy repair and maintenance services in the south rather than them providing services there (ibid). Such as 73 cases of temporary introduction of goods were recorded between 1 November 2008 and 30 April 2009. However, none of these occurred for provision of Turkish Cypriot services in the south (European Commission 2009). On the other hand, regarding the services for which letter for temporary introduction of goods (big equipment) is not needed (in the case of electricians for example), the licences issued by Turkish Cypriot side for such professions are not recognised in the south (see section 5.5.d). Therefore, such restriction also marks a major limitation to the extent to which the small-scale services operate. The statement of a TCCoC official is also helpful in further contextualising this issue:

Some movement in [in small-scale] services is taking place... However, these are not frequent and we couldn’t know [for sure] this because such services are not recorded. We know an example that, a Turkish Cypriot company set up sound equipment for some concerts in the south (Interview no.35).

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53 It is worth highlighting that the concern here is small-scale services provided by Turkish Cypriots, whose companies are located in the north Cyprus and provide their services in the south. The Turkish Cypriots who work in the south is studied under the movement of people in Chapter 6.

54 “27 cases concerned goods to be repaired, 14 cases concerned goods to be exhibited and one case concerned professional equipment. A further 31 cases concerned means of transport (registered in other countries) of persons who had entered the government-controlled areas [the south] via a port in the northern part of Cyprus and who stated an intention to stay in the government-controlled areas [south] for less than six months” (European Commission 2009).
Therefore, on the basis of these two aspects, it is reasonable to argue that movement of small-scale services occur in exceptionally low levels and in a very limited range. It is also worth stating that there is no evidence of movement of small scale services occurring in the direction from the south to the north. Therefore, trading in small-scale services is very limited and largely seasonal.

Despite the fertile ground for economic cooperation (see section 5.2) this section has shown that no significant level of economic activity between the two sides has occurred. While this is closely related to the inadequate design of the GLR (see section 5.3), the following section will investigate how the domestic factors mediate the EU effect, hence the level of cooperation, on the movement of services in Cyprus.

5.5. No Appetite for Cooperation: The EU effect on the Movement of Services and Mediation of the Domestic Factors

It was shown in the previous section that although both the Turkish Cypriot and Greek Cypriot economies are dominated by the service sectors, the level of economic activity between these sectors remained significantly low. This section investigates the ways in which domestic factors, of legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance have mediated the EU effect on the movement of services in Cyprus. The impact of these factors on the Europeanisation process and the EU’s liberal peace project on the island will be briefly interpreted, followed by a conceptual analysis in the conclusion (5.6).

5.5.a. The Role of Legal Framework

The legal framework on how the service sectors of the two sides can economically interact has been a significant factor which mediated and negated the EU effect on the movement of services in Cyprus. In the light of the ongoing de facto division and political contestation on
the island, the Greek Cypriot authorities deems all institutions and authorities of the Turkish Republic of Northern Cyprus (TRNC) illegal, including licences issued and companies established through those bodies. As argued earlier (5.3) the GLR does not provide a legal framework, within which such complexities could be bypassed. Therefore, legal framework as a domestic factor dramatically mediated the movement of services and prevented development of a fertile ground for cooperation across the Green Line (see section 5.4). This mediation can be best contextualised by using the examples of utility (mobile interoperability project), transportation (movement of commercial vehicles) and small-scale services.

When the mobile interoperability project was put on ice in February 2016, it was reported that a legal amendment in the south was needed to allow materialization of the project (Sonay 2016, Üzgün 2016). It was also reported that the application of the EU *acquis* was the real problem. According to the information provided by an insider to the Cyprus News Agency, “there is a legal obstacle stemming from the issue of application of the EU *acquis*, which it does not allow cooperation with an institution [such as mobile telecommunication networks] in the invasion areas [the north]” (Kıbrıs Postası 2015). Therefore, the amendment was never made and the cooperation did not materialize.

The same pattern occurs in the non-cooperation in the area of transportation services. The Greek Cypriot authorities do not accept roadworthiness certificates and professional driving licences issued by the Turkish Cypriot authorities (Interview no.9; European Commission 2008, 2009). This prevents crossings of Turkish Cypriot commercial vehicles to the south. For such crossings, the RoC authorities demand that Turkish Cypriots obtain ‘acquis compliant’ licences issued by the authorities in the south (European Commission 2008). Similarly, economic activity in the area of small-scale services is extremely limited, due to non-recognition of the licences issued by the Turkish Cypriot authorities in the north (Interview no.30). For example, a Turkish Cypriot lawyer or a doctor (with licenses issued in the north) cannot work in the south.

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55 Turkish Cypriot Chamber of Commerce is an exception here firstly because it legally existed before the division of the island, and secondly it is authorized as the partner institution by the European Commission in execution of the Green Line Regulation.

56 Of all vehicles exceeding 3.5 tons of weight.

57 Of all vehicles equal to or exceeding 7.5 tons of weight.
There is a slightly different legal problem regarding the movement of tourism services, which prevents cooperation. Specifically, approximately 78% of the private property in the north was previously owned by the Greek Cypriot community before the division of the island in 1974 (European Commission 2007b: 3). As the conflict has still not been resolved with a comprehensive agreement, the property issue remains disputed and the current usage of those properties is deemed illegal by the Greek Cypriot authorities (Interview no.42). Therefore, the Turkish Cypriot and Greek Cypriot travel agencies or other bodies in this area cannot cooperate (Interview no.42, Mehmet et al. 2008: 5). It should be noted that this non-cooperation can also be explained by the failure of the GLR to provide a workable framework to bypass the legal uncertainty (see section 4.3).

The legal framework is also a factor, which clearly separates the large area of non-cooperation from the minor area of cooperation that has occurred. Precisely, cooperation has not been possible in the areas, which direct cooperation between the institutions and/or companies across the divide is needed, such as between the telecommunications authorities and mobile phone operators of the two sides. On the other hand, cooperation which has occurred in utility services does not require such links. For example, cooperation in sewerage services is an infrastructure project and above politics, run by the UNDP. Similarly, electricity cooperation is also outside politics. The two sides’ electricity authorities do not even recognize each other as such. Therefore, it is meaningful to argue that cooperation in the movement of services can occur only to the extent to which direct cooperation between the two sides’ institutions or/ and companies is not needed.

However, it is worth highlighting at this point that due to their causality, the aforementioned areas of cooperation cannot be attributed to the EU effect. This is because the EU framework has only a partial relevance to cooperation in those areas. The sewerage cooperation is a case in point; while the upgraded wastewater management plant received partial funding from the EU in mid-2000s the materialization of the original project dates to 1980, long before the EU has become an influential player in Cyprus (see chapter 3). Similarly, the EU's GLR has been used as the basis of electricity trade off from the north to the south in 2011 and any new trade-off is likely to be done in the same way. However, the electricity inter-connection was also framed as a confidence building measure in response to the incidents that caused problems for electricity generation and stability on the island.
This section has shown how the legal framework severely mediated and negated the EU effect on the movement of services in Cyprus. This is primarily because there is no legal basis that the sectors of the two sides can bypass the legal uncertainty emerging from the political contestation to economically interact. This resulted in a disappointing growth in the trade of services, despite the existing potential for economic cooperation on the ground. Therefore, the GLR cannot work as a mechanism for the EU’s liberal peace project on the island and also fails to fulfil its primary objective of facilitating the movement of services in Cyprus. It can be stressed out further that for the GLR to perform effectively and work as a mechanism for liberal peace, it had to be designed comprehensively to provide a legal framework, through which legal uncertainties could be bypassed. The next section will analyse the role of ethno-politics in political elites in mediating the EU effect on the movement of services in Cyprus.

5.5.b. The Role of Ethno-Politics in Political Elites

The previous section emphasized how the legal framework mediated and negated the EU effect on the movement of services in Cyprus. This section investigates how this effect is mediated by the ethno-politics in political elites. Additionally, it shows that the complications stemming from the legal framework, which prevent economic cooperation, are highly motivated by the ethno-politics in political elites. The role of ethno-politics on the movement of services can be analysed based on two political considerations: a) the Greek Cypriot political elites fear that cooperation between the institutions and companies of the two sides will ‘legitimise’ the TRNC and b) an economically developed Turkish Cypriot community will not desire to reunify the island.

Regarding the first consideration, as it has been argued earlier in this thesis (see section 4.5.b), there is a political wrangling between the RoC and the TRNC for legitimacy. While it is a top priority for the Green Cypriot political elites to ‘safeguard’ the internationally recognised position of the RoC as the sole legitimate government of the island, the TRNC aims to gain recognition and legitimacy for itself. Regarding the movement of services, the role of ethno-politics in the Turkish Cypriot political elites remained less visible compared to the Greek Cypriot political elites. This is mainly because as the previous section have demonstrated, the
identified legal barriers to the movement of services stem from the south (see section 5.5.a). The role of role of ethno-politics among Turkish Cypriot political elites can be seen more extensively regarding the movement of goods and movement of persons (see section 4.5.b and 5.5.b). Regarding the Greek Cypriot political elites, the role of ethno-politics can be can be contextualised by the examples of utilities (mobile interoperability), transportation, and small-scale services.

In regards to the mobile interoperability project; Phidias K. Pilides, head of the CCCI, stated in June 2015 that,

The technical aspect is easy to solve [but]... We live in a divided country, there are certain sensitivities that must be considered... I wouldn’t like to elaborate on this point, what I’m referring to is obvious – they are matters of legality.” (Anastasiou 2015).

Despite the references to the legal uncertainty, his words “there are certain sensitivities that must be considered” and “we live in a divided country” indicates that legal complexities are motivated by the ethno-politics or more precisely, finding a legal basis for cooperation which would not legitimise the Turkish Cypriot telecommunications authority. Such considerations can be also identified in a statement made by Fikri Toros, president of the TCCoC, that the two chambers paid specific attention to accommodate the Greek Cypriot sensitivities in developing the project. According to Toros,

We do not name this project as roaming. This word would be used on the case of international calls. The case here is not seen as calls between two counties, but between two communities of one country. Therefore, we take it as ‘inter-connection’. (Halkın Sesi 2015).

Despite such cautious design, the project stumbled in receiving consent of the Greek Cypriot political elites. Materialization of the project required an explicit legal amendment in the south to enable cooperation between the two sides’ telecommunications authorities and mobile phone operators; in other words, treating the relevant Turkish Cypriot bodies as a legitimate partner. Therefore, in line with the Greek Cypriot political sensitivity to prevent ‘upgrading’ the status of the TRNC, that amendment was never made and the project was ‘put on ice’ (see 5.4).
Günay Çerkez, the head of the Turkish Cypriot technical committee on GSM operators and (a former president of the TCCoC), expressed his frustration that “while we are about to push the button, they [the Greek Cypriot authorities] said our [of the south] legislation does not allow it” (Sonay 2016) also adding that the argument regarding the EU *acquis* (not allowing such cooperation, see 5.5.a) is just an excuse because “we received a letter from the EU that the project is doable” (ibid). According to Çerkez: “they [Greek Cypriots] want to form partnerships with Turkey, instead of Turkish Cypriots” for avoiding cooperation with Turkish Cypriot telecommunications authority (Menteş 2014).58 This also resonates with the role of ethno-politics in the Turkish Cypriot side, and with Turkish Cypriot ‘fear’ at the existential level that the Greek Cypriots can open direct channels of communication with Turkey, which would arguably eliminate the Turkish Cypriots from being a significant player in the Cyprus problem. The same ethno-political thinking prevents economic cooperation in the areas of transportation and small-scale services. Again, this is because licences and certificates issued by the Turkish Cypriot authorities are not recognised in the south (Interview no.9, no.40, no.30). As a high-ranking Turkish Cypriot official put it:

> Our commercial vehicles, lorries, busses can travel everywhere from Turkey reaching to the UK, London; however, they cannot cross to the south in Cyprus because Greek Cypriots does not accept our certificates. Bulgaria accepts our certificates, Austria accepts, the UK accepts, but the Greek Cypriots don’t because this would come to mean recognition of the TRNC for them (Interview no.9).

Although the legal aspects, such as ensuring application of the EU *acquis*, are put forward as obstacles for economic cooperation by the Greek Cypriot authorities, these arguments are politically motivated. This is because the GLR does not impose limitations or conditions on the crossings of Turkish Cypriot commercial vehicles. A high-ranking EC official admitted that the dispute over the Turkish Cypriot commercial vehicles has been “one of the most frustrating issues” in the Commission’s services about Cyprus (Interview no.12). And despite various attempts by the EC to solve the matter with the Greek Cypriot authorities, the issue remains unresolved (European Commission 2014; interview no.12; no.18; no.33). According to the EC, as stated in the GLR’s annual reports: “a more liberal approach on the side of the

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58 This is possible, in principle, because the Turkish Cypriot telecommunication authority as well as the mobile phone operators are local branches or subsidiaries of Turkish companies.
authorities of the Republic of Cyprus [Greek Cypriot authorities] would enhance economic co-operation between both communities across the Green Line” (European Commission 2007b: 7; see also European Commission 2015a).

According to the second political consideration outlined above, the Greek Cypriot political elites also fear that potential economic and political advancement of Turkish Cypriot side would result in diminished desire in the Turkish Cypriot community for reunification of the island and would, in effect, ‘cement’ the division. This can be explicitly contextualised in the words of a Greek Cypriot official: “why would they [Turkish Cypriots] be encouraged to live together [with Greek Cypriots] if we provide them the chance to live separate?” (Interview no.16). Similarly, according to Ali Erel, a former president of the TCCoC and a Turkish Cypriot businessman, there is indeed such a thinking but those calculations are wrong. According to Erel:

Greek Cypriot political elites worry about every economic development [in the north]. They are against any step that would bring economic wealth to the north Cyprus because they believe this would diminish the Turkish Cypriots’ need for a solution and to a form of solution that the Greek Cypriots want. In their calculations, the Turkish Cypriot side wants a solution because they are economically weak. However, this is a hugely wrong calculation. The Turkish Cypriot side did not [only] approve the Annan Plan [65% of the Turkish-Cypriots voted ‘yes’] for economic yields, but for democratic gains and acquiring their status under the international law (Interview no.30).

Furthermore, a TCCoC official also make similar comments that,

There is this outdated belief regarding the need to contain our [Turkish Cypriot] economy as a means of containing the separation of North Cyprus. In fact, the economic embargoes laid down by the GCs help alienate the TCs further…” (International Alert 2015: 62).

This ethno-political thinking shows that economic cooperation in movement of services (as well as in the other areas) is something to be avoided rather than promoted. This logic is cognitively incompatible with the EU’s liberal peace project, which considers the development of the Turkish Cypriot economy and economic cooperation between the two communities as prerequisites for its success (see chapter 3). In fact, such ethno-political calculations can be also observed in the Greek Cypriot government’s intransigent position.
over the EC’s proposal on Direct Trade Regulation for Turkish Cypriot community, as well as its international attempts to impose embargoes on the TRNC, following to its declaration of independence in 1983 (see chapter 3).

This section has shown that ethno-politics in political elites severely constrained economic cooperation and the EU effect on the movement of services in Cyprus. In line with the previous section, the discussion also highlighted that the GLR in its current form cannot act as a mechanism for the EU’s liberal peace project on the island and fails to fulfil one of its primary objectives of facilitating the movement of services in Cyprus. Therefore, for the GLR to perform effectively and work as such a mechanism, it had to be designed comprehensively to provide a legal framework, through which legal uncertainties could be bypassed. The next section will look at the role of ethno-politics in civil society in mediating the EU effect on movement of services in Cyprus.

5.5.c. The Role of Ethno-Politics in Civil Society

The previous section studied how ethno-politics mediated the EU effect on the movement of services in Cyprus. This section investigates the role of ethno-politics in civil society in mediating that effect and highlights that psychological barriers, property rights, and potential competition are significant factors preventing economic cooperation on the island.

Previously, it was pointed in Chapter 4 that there are politically motivated ‘psychological barriers’ in the Greek Cypriot community which translate to a particular reluctance and lack of desire to trade with Turkish Cypriots. More specifically, such trade is considered ‘inappropriate’, a ‘betrayal’ to the national cause of Greek Cypriots, and that it contributes to the development of the Turkish Cypriot economy, which would mean cementing the division and ‘injustice’ against Greek Cypriots. These barriers are relevant for the movement for services too though take a less visible appearance due to the minimal level economic activity in this field. Nonetheless, in a survey conducted with the Greek Cypriot travel agencies, the responses to a particularly relevant question “why you don’t cooperate with Turkish Cypriots?” such as “it is inappropriate”, “we do not want”, “invaders occupied my home and
my business” are revealing of the attitudes (Mehmet et al. 2008: 5). As a more extreme example, Ali Çıralı, head of the Turkish Cypriot Chamber of Industry (TCCI) referred to an incident, which occurred in 2007. In his words:

A Greek Cypriot builder agreed with a Turkish Cypriot craftsman to build doors and windows of 40 villas in the south. The Greek Cypriot builder and his company asked the work of two villas to be done before the whole work, and if the company would like it, they would give the whole site to the Turkish Cypriot craftsman. However, as we heard, men with black balaclavas appeared in the night and threatened the Greek Cypriot builder for doing business with a Turkish Cypriot. So, the builder gave up on the deal (Interview no.21).

Such incidents of intimidation, dictating that cooperation is ‘unacceptable’, are also an explicit and a particularly powerful form of deterrence for both Turkish Cypriot and Greek Cypriot companies, who want to do business with each other.

Competition is another consideration among the civil society players. This is based on the thought that increased economic interactions between the Greek Cypriot and Turkish Cypriot service sectors might leave one of them worse off and lead to job losses. For example, following to involvement of the EC in 2006, the Greek Cypriot authorities informed the Commission that “the Republic of Cyprus began preparatory work on legislation with the aim to facilitate Turkish Cypriot lorries to transport goods across the Green Line” (European Commission 2006: 5; see also 2007b, 2008). Upon this development, the Greek Cypriot truck drivers with their organisation protested against the attempts for such liberalisation (European Commission 2006: 5, see more on this in the section 4.5.c). While fears over competition and job losses played a role, they also argued that it would be an unfair competition because licencing is not at the EU standards and as costly in the north (Interview no.13). As a result, the Greek Cypriot parliament stepped back and did not take a decision on the issue (European Commission 2008: 7). It is worth noting that the argument that vehicle licencing has lower standards in the north has been rejected by Turkish Cypriot officials (Interview with no.13, interview no.9).

Perhaps more remarkably, similar protests also took place in the north by the Turkish Cypriot truck drivers and dock workers at the Famagusta port and the crossing points in 2007 and 2008 (European Commission 2006: 6). They widely protested against emerging Turkish
Cypriot businesspersons, who started to increasingly use the ports in the south for trading with other EU countries and third countries (see 4.4). Their concern was also on competition and job losses and that diminishing use of haulage and ports in the north would result in job losses (Interview no.9). Since then, no permission was given to Turkish Cypriot businesspersons to trade with other countries using the ports in the south. Changes to domestic opportunity structures, therefore, is highly resisted by the civil society players and the EU effect is constrained by the fears over economic competition.

A particularly interesting point in regard to the transportation services is the unexploited potential for the Greek Cypriot operators. While the Turkish Cypriot companies cannot organize airport shuttle services from the south to the north (commercial vehicles are not admitted to the south) there is no such restriction on crossings of the Greek Cypriot commercial vehicles to the north. Nevertheless, no Greek Cypriot transportation company emerged to seasonally or routinely enter that market. This is likely to be a result of ethno-politics among the civil society players, insufficient economic returns from such a service, or a combination of both. However, it is worth highlighting that Turkish Cypriots cannot get their goods and services advertised in the south, which is reported in all of the GLR’s annual reports, and points the role of ethno-politics in civil society (European Commission 2008: 9, European Commission 2012: 7, 2016: 7; see also 4.5.c.). Similarly, the Greek Cypriot supermarket owners do not want to put Turkish Cypriot products on their shelves in order to avoid public pressure (See section 4.4.c).

Finally, as it was mentioned in the section 5.5.a, the majority of the private properties in the north were owned by the Greek Cypriot community before the division of the island in 1974. The unresolved dispute on property rights stands as yet another major limitation to emergence of economic cooperation between the two sides in Cyprus. In this regard, it is not acceptable for the Greek Cypriot tourism agencies and hotel unions to cooperate with Turkish Cypriot agencies in tourism area. According to Zacharias Ioannides, Director General of the Cyprus Hotel Association in the south:

As long as the property question remains pending, it will be difficult, if not impossible to have a member of the Cyprus Hotel Association sit at the same table with someone who illegally operates a hotel unit in the occupied area owned by our member. This makes cooperation very difficult if not impossible (Mehmet et al., 2008:77).
This issue is not exclusive to tourism services either. For example, it was mentioned in Chapter 4 that a plastic company in the south had been sending out uncompromising letters, calling the Greek Cypriot businesses to end their cooperation with the Turkish Cypriot businesses (if they did engage in such cooperation) with reference to the property rights as well as “inappropriateness” of such trade (Lordos Plastics 2009, see also International Alert 2015).

This section investigated the ways in which ethno-politics in civil society mediates the EU effect on movement of goods in Cyprus. Minor exceptions notwithstanding, economic cooperation on the movement of services between the two sides is not favourable for the Greek Cypriot civil society. This is due to factors such as psychological barriers, property rights, and potential competition from the Turkish Cypriot side. Turkish Cypriot civil society also resists such economic interaction with reference to increased competition and job losses. These protests show how the Europeanisation process is resisted and influenced by the domestic players in Cyprus. The next section will analyse how the governance mediated the EU effect on the movement of services in Cyprus.

5.5.d. The Role of Governance

The preceding discussion analysed how ethno-politics in civil society mediated the EU effect on the movement of services in Cyprus. This section investigates the role of governance in mediating this effect in the domestic setting. Before the analysis, it is worth reiterating that some obstacles stemming indicated earlier in this thesis (section 4.5.a) are relevant for this section too (the absence of an arbitration mechanism for commercial dispute resolution or bank transfers, for example).

It was explained in section 5.3 that the GLR was amended by the EC to allow temporary crossings of goods into the south in order to enable the Turkish Cypriot companies to take their equipment along with them for providing or receiving services. However, as the GLR does not have jurisdiction over movements occurring from the south towards the north, and because north Cyprus treats the Green Line as an external border, this amendment alone
could not provide a substantial solution to the issue. More precisely, while Turkish Cypriot equipment could be temporarily introduced into the south, their return to the north would be problematic at the Turkish Cypriot customs (Interview no.21). Therefore, initiative from the Turkish Cypriot side was also needed for providing a complete solution to the issue, otherwise that equipment would get ‘trapped’ in the buffer zone (Interview no.35). On this basis, the TCCoC started issuing letters for Turkish Cypriot companies, who needed to temporarily introduce their equipment to the south (ibid). This is a clear instance of an EU-induced change and resonates with indirect Europeanisation, in which the north has voluntarily took measures to facilitate the movement of services over the Green Line. On the other hand, however, while north Cyprus updated their trade regulation in a way that mirrors the terms and conditions of the GLR for movement of goods (see chapter 4), there is no similar adaptation for the movement of services.

The non-recognition of Turkish Cypriot institutions and companies in the south (see sections 5.5.a. for legal and 5.5.b. for political aspects) also gives birth to several governance complications for the movement of services. Firstly, problems arise with red tape. According to a TCCoC official, “the issue of non-recognition gets in the way in terms of dealing with invoices and recognition of paperwork” (Interview no.36). For example, when the north buys electricity from the south under the current electricity inter-connection, the bill is not issued from the Cyprus Electricity Authority to the Cyprus Turkish Electricity Authority but from the former to an individual’s name in the north (Interview no.41). Similarly, when the south purchased electricity from the north through the GLR in 2011 (see section 5.3), the bill was issued from the Cyprus Turkish Electricity Authority to an individual’s name in the south (Interview no.38). Secondly, due to such non-recognition, Turkish Cypriot companies do not have company status in the south. Therefore, any services provided by them is provided as individuals (ibid). While this example emphasizes how governance mediated the EU effect on the movement of services in Cyprus, it also shows that the role of governance is also mediated by ethno-politics and the GLR fails to provide a substantial workable basis to overcome of these obstacles for economic cooperation.

Another sign of indirect Europeanisation in north Cyprus can be identified in its tourism incentives regulation. North Cyprus gives financial incentives to travel agencies for actively bringing tourists into the country. While this incentive was initially given only for tourists
arriving via the ports in the north; as of March 2016, the regulation was amended including tourists arriving from the south. In this regard, tourism agencies would receive € 15 per person arriving from the south, with the conditions that tourists being groups of ten people, special interest groups (such as scuba diving and golf players), and staying in hotels of the north for at least three consecutive nights (Interview no.39). In April 2017, another amendment increased the amount of incentive paid to travel agencies to € 20 euros per tourist and extended its scope to all kinds of touristic visits (TRNC 2017 p.2). As it was argued in Chapter 4, Europeanisation in north Cyprus is directly linked to the range of economic opportunities available to be exploited (see section 4.5.d). The amendments to the Turkish Cypriot tourism incentives regulation confirms the validity of this argument also with regards to the movement of services. As new channels for attracting tourist has become available within the context of the GLR, changes have been made to incentivize the travel agencies to utilise those channels. On the other hand, according to an interviewee from the TRNC Ministry of Tourism, “it is too early to find out if the new incentive scheme will increase the number of tourists arriving to the north via the ports in the south” (Interview no.39). Given that the north Cyprus does not have direct and cheap flight connections (all of its flights are connected through Turkey) Turkish Cypriot tourism sector can benefit the airports in the south (Interview no.42).

However, there are challenges stemming from the role of governance in the Greek Cypriot side, which casts a shadow to the extent to which the Turkish Cypriot tourism sector can benefit from access to the airports in the south. For example, it is reported that if the Greek Cypriot authorities find out that tourists arriving to the southern airports are heading to the north, problems arise and sometimes they might not be even allowed to cross the Green Line (Interview no.40). A recent example supports this statement. In April 2017, a group of 13 Serbian children and their adult supervisors arrived the island from the Larnaca airport in the south to participate in a children’s festival in the north. When the Greek Cypriot police realised the group was heading to north Cyprus, the group was detained and barred from leaving the airport with the excuse that they were heading to the “illegal state” (Milliyet 2017). The Serbian group was allowed to enter the country following diplomatic intervention from Belgrade but decided to return back without crossing to the north and participating in the festival (Cyprus Mail 2017). Additionally, it will be elaborated in the following chapter that
the Greek Cypriot police has been reported to regularly inspect people and frequently confiscate their goods, when returning to the south from the north, if those goods are purchased from the north (6.5.d.). Therefore, governance is also a factor that is linked to the role of ethno-politics.

To conclude, this section discussed the ways in which governance plays a role in mediating the EU effect on the movement of services in Cyprus. Although it presents yet another set of obstacles which discourages companies from engaging in economic cooperation, it too is linked to ethno-politics. Yet the GLR does not provide workable legal basis to overcome these obstacles. While the Europeanisation process has been negated in such context, governance as a domestic factor prevented the GLR working as a tool for the EU’s liberal peace project on the island. The next section will deal with hypotheses of this thesis and provide concluding remarks.

5.6. Conclusion

This chapter investigated the EU effect on the movement of services in Cyprus. In order to contextualise the movement of services and assess the level of economic cooperation between the Turkish Cypriot and the Greek Cypriot communities, it focused on four areas of the service sector: utilities, transport, tourism, and small-scale services. This focus forms part of this thesis’ research question that is:

*To what extent did the EU’s liberal peace project facilitate the movement of services between the north and the south and contribute to the development of economic cooperation in Cyprus?*

It was found that although the economies of both the north and the south rely heavily on the service sector, which presents a great potential for the EU’s liberal peace project to flourish upon, such a fertile ground for economic cooperation has remained significantly under-utilised. The movement of services occur only in insignificant levels and most of the services looked at in detail in this chapter cannot be traded at all across the Green Line. Legal framework plays a major role, as there is no legal basis within which the two sides’ service
sectors can interact meaningfully. In this context the de facto division and political contestation of the island remains of paramount importance. At the same time, it was shown that the complications emerging from the legal framework as well as the other domestic factors are inherently linked to the politics of division, hence the role of ethno-politics in political elites, which also plays a major role in this non-cooperation.

A major factor that has contributed to this non-cooperation has been omission of the GLR to properly address the movement of services. More specifically, the chapter identified two particular design flaws. Firstly, the section on the movement of services in the GLR is very narrow in scope (see 5.3). There is only one paragraph on such economic activity and it is exclusively concerned with the issue of taxation. There are no stated definitions in relation to what constitutes the movement of services or any clarifications on what services under what circumstances can or cannot cross the Green Line. The absence of information is indeed a significant problem that mediates the EU effect on the movement of services. Secondly, although the GLR’s fundamental aim is to provide a workable legal framework to facilitate the movement of services (along with goods and persons) within the context of the division, it fails to provide a mechanism to tackle the legal and political complexities stemming from the politics of division, marked by political wrangling over legitimacy which most of the time stifles cooperation (see 5.5). For an adequate design, the GLR had to be tailored in a way to provide a depoliticised legal framework, which would allow the legal and political complexities to be bypassed. Currently, the GLR is deficient in these respects. On this basis, hypothesis 1 of this thesis can be confirmed:

**Hypothesis 1:** The EU’s liberal peace project, as reflected in the design of the GLR, was not adequate in promoting economic cooperation between the two communities in Cyprus.

Lacking an adequate design, the movement of services has remained dramatically open to legal and political complexities, stemming from the politics of division. For example, the Greek Cypriot authorities do not recognize the Turkish Cypriot authorities and companies. In the case of mobile interoperability, this results in the total absence of cooperation. Similarly, licences issued by Turkish Cypriot institutions are also not recognised, which creates as a major set-back to the movement of small-scale services. Although these obstacles are considered legal complexities by the Greek Cypriot authorities, they are inherently connected
to the politics of division. Specifically, the political sensitivity among the RoC to ‘safeguard’ its monopolized international legitimacy over Cyprus and avoiding any practices, which ‘would’ grant legitimacy to institutions of the TRNC. It is often referred as preventing recognition ‘by implication’ or ‘upgrading’ of the ‘illegal state’ and its institutions. Based on this discussion, the second hypothesis of this thesis can also be confirmed:

**Hypothesis 2.** The EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

Within such a context, the three mechanisms of Europeanisation, that is institutional compliance, change of domestic opportunity structures, and cognitive change have not been operational to drive the Europeanisation process. Firstly, the narrow scope of the GLR, which is concerned exclusively with taxation, is a fundamental limitation. Considering that the EU’s *acquis communautaire* is suspended in north Cyprus (see chapter 3), the EU effect on the island could be much stronger if the EU had addressed the movement of services under the GLR more adequately and ensured a working framework for such activity. This could be done by making it explicit, which services could be traded across the Green Line, and instrumentally using the EU standards as conditions for such economic activity. Additionally, the narrow approach of the GLR to the movement of services enabled the Greek Cypriot authorities to interpret and implement the GLR with its basic requirements in order to only comply with their obligations regarding implementation of the regulation. For example, although crossings of Turkish Cypriot commercial vehicles to the south is not restricted in the GLR, their crossing is not allowed by the Greek Cypriot authorities (see 5.5.a). As argued earlier, these complications stem from the politics of division. Therefore, institutional compliance (with the EU *acquis* and legal measures created by the EU) has not worked as a direct mechanism of Europeanisation in the movement of services in Cyprus. On the other hand, there are two indications of indirect Europeanisation in north Cyprus. One is the two consecutive amendments made to the tourism incentives regulation in north Cyprus to include tourists arriving from the airports in the south (see 5.5.d). The second one is the initiative of the TCCoC to issue letters for Turkish Cypriot companies, who need to take their equipment along while crossing the Green Line, to provide or receive services in the south.
Secondly, as no considerable level of the movement of services occurred, it is also not possible to argue that the second mechanism of Europeanisation, that is change of domestic opportunity structures, has been operational. As argued earlier, the Greek Cypriot political elites’ inflexibility with regards to cooperation with the Turkish Cypriot institutions and companies kept the potential for the movement of services under captivity. Additionally, resistance against the Europeanisation process among both sides’ civil society players has, to some extent, been influential in negating this process. For example, the Greek Cypriot truck drivers have protested against the admission of the Turkish Cypriot commercial vehicles into the south, and the Turkish Cypriot truck drivers and dock workers widely protested against the use of the ports in the south by Turkish Cypriot businesses to trade with other EU countries and third countries. While such resistance has been associated by fears over economic competition and job losses in both sides, psychological barriers against trading with Turkish Cypriots has also played a role in the south (see 5.5.c). Therefore, changing of the domestic opportunity structures has not been operational.

Thirdly, the image of non-cooperation in the movement of services displays very little sign of cognitive change. It was highlighted in Chapter 3 that greater economic cooperation and development of the Turkish Cypriot economy are prerequisites in the EU’s liberal peace project on the island. This is also a part of the liberal peace logic that development of the Turkish Cypriot economy is necessary to form and increase the links of interdependence and economic integration between the north and the south. However, these objectives and the logic of the liberal peace project have not been internalized by the Greek Cypriot political elites as a pathway towards reunification of the island. On the contrary, a different thinking prevails in the south that if the north develops it will make reunification of the island less likely, mainly because a ‘self-sufficient’ north will not need or desire to reunite but will prefer to continue as a separate political entity (see 5.5.b). Therefore, those prerequisites are seen as something that should be prevented, which is a major barrier to the economic cooperation and the Europeanisation process. Based on these observations, the third hypothesis of this thesis can also be confirmed that, although Europeanisation is a significant tool in transforming various aspects of political and social life in candidate countries,

**Hypothesis 3.** The effects of enlargement-driven Europeanisation are severely constrained by ethno-political conflicts.
This particular cognitive aspect is also very significant from the aspect of liberal peace, which helps us better understand the challenges found in the context of ethno-political conflicts and their implications for pursuing liberal peace strategies. Particularly, the case of the movement of services in Cyprus presents the liberal peace literature an intriguing case that while economic cooperation had potential to champion liberal peace, it has rather been a stillborn child of it. In other words, the Cypriot case shows that the potential for economic cooperation cannot always ‘find its way’ around political problems and facilitate the resolution of ethno-political conflicts. Therefore, the fourth hypothesis of this thesis can be confirmed.

**Hypothesis 4. Liberal peace overestimates the effects of increased economic interaction as a tool of conflict resolution.**

Overall, the movement of services in Cyprus presents this thesis with very important findings in assessing the extent to which the EU’s liberal peace project has contributed to conflict resolution. Despite dominance of the service sector in economies of both the north and the south, which is a fertile ground for the EU’s liberal peace project to flourish, economic cooperation remained largely under-utilised due to the design of the GLR and the influence of the politics of division. Its inadequate design rendered the GLR rather obsolete in serving for the EU’s liberal peace project and the Europeanisation process has been the victim of this flawed design, which ironically had to drive this process forward. Therefore, based on the movement of services, the EU’s liberal peace project has not contributed to the facilitation of conflict resolution in Cyprus in a meaningful way.

The next chapter will analyse the EU effect on the movement of persons in Cyprus and the extent to which it provided a workable basis for the development of economic links as well as social interactions between the north and the south.

6.1. Introduction

The previous chapter (5) investigated the EU effect on movement of services in Cyprus by looking at the extent to which the Green Line Regulation (GLR) has facilitated such economic activity as well as the extent to which it worked as a mechanism for the EU’s liberal peace project on the island, based on the level of economic activity that occurred between the Greek Cypriot and Turkish Cypriot communities. It was argued that despite a fertile ground for economic cooperation, the level of movement of services has remained regrettably low due to negation of the EU effect by both the design shortcomings of the Green Line Regulation (GLR) and the role of domestic factors. Therefore, the EU effect on the movement of services has been significantly restricted and the extent to which the GLR worked as a mechanism for the EU’s liberal peace project on the island has remained minimal.

The movement of persons in Cyprus presents another interesting case study in regard to the EU effect on the island. This is because the movement of persons does in fact occur at considerable levels across the Green Line, and economic activity occurring within the context of movement of persons is several times higher than the value of movement of goods (see chapter 4). However, contrary to the liberal peace logic, such a context has neither helped to
socially (re)integrate the two communities nor has it led to a political dynamism towards reunification of the island. Indeed, movement of persons remained largely limited to touristic and consumer-related crossings, which did not necessarily lead to the development of a substantial network of social interactions between the two communities. This is clearly a major setback to the EU’s liberal peace project on the island, which also presents the thesis with another interesting empirical puzzle: why did the movement of persons fail to produce social and political outcomes, which would facilitate the reunification of the island?

In that regard, this chapter studies the EU effect on the movement of persons in Cyprus by considering the extent to which the Green Line Regulation (GLR) has facilitated such activity as well as the extent to which it worked as a mechanism for the EU’s liberal peace project on the island. In doing so, it tests the four hypotheses formulated in Chapter 2 of this thesis: whether the EU’s liberal peace project on the island was well designed [H1], whether it has paid enough attention to the role of the politics of division [H2], and whether the role of ethno-politics limits the effects of Europeanisation [H3] and liberal peace [H4]. In order to ensure a systematic approach to the movement of persons and thoroughly examine the EU effect, this chapter will focus on two key areas: movement of labour (persons who work across the Green Line) and consumers (economic activity by the movement of persons across the Green Line). To a lesser extent, the chapter will also address the movement of tourists and third country nationals across the Green Line. The conceptual framework is linked to the Europeanisation and liberal peace literatures, reviewed in Chapter 2. Hence, the EU effect is tested through three mechanisms of Europeanisation: institutional compliance, change of domestic opportunity structures, and cognitive change.

The chapter is structured into six sections. The next section (6.2) sheds light on some key characteristics regarding the social and economic relations of the Turkish Cypriot and Greek Cypriot communities during the pre-division era. The third section (6.3) overviews the institutional and procedural aspects of the movement of persons in Cyprus and discusses the extent to which the area is adequately addressed. The fourth section (6.4) presents empirical data on the level of movement of persons. The following section (6.5) investigates the domestic factors, which mediate the EU effect on the movement of persons: namely, roles of the legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance. Finally, (6.6), the concluding section, attempts to revisit the research question,
address the hypotheses of this thesis, and comment on the comparative value of the movement of persons in Cyprus as a case for the scholarly literature on Europeanisation and liberal peace.

6.2. Living ‘Side by Side’ but Not ‘Mixed’: Pre-Division Era in Cyprus

This section sheds light on some key characteristics of social and economic relations between the Turkish Cypriot and Greek Cypriot communities in the pre-division era outlining the ethnic landscape and inter-communal cooperation on economic and labour affairs. This will help to understand whether the two communities were well-integrated or already separate before the division. Therefore, it will provide an opinion on the kind of legacy that the movement of persons will inherit from the historical inter-communal relations, when the travel restrictions on the Green Line were eased after three decades of absolutely no contact (1974–2003). It will be argued that although the year 1974 is the landmark for the de facto territorial division of the island as north and south, and the total ethnic segregation of the Turkish Cypriot and Greek Cypriot communities into these zones respectively, the two communities had already been separated before the division. Consequently, the historical inter-communal relations posed an inherent limitation to the movement of persons, which started after 2003, and hence to the EU’s liberal peace project on the island.

In regard to the ethnic landscape, the events of 1974 resulted in a dramatic change. The two communities became ethnically segregated by the displacement of 162,000 Greek Cypriots (including other Christian minorities in Cyprus) living in the north to the south, and 48,000 Turkish Cypriots in the opposite direction (Gürel et al. 2012: 9-10). This means that approximately half the population in the north and one third in the south are first-generation displaced persons along with their descendants (ibid: 33). However, although the two communities have been totally segregated from each other since 1974, what has been referred to as ‘ethnicisation’/ ‘homogenisation’ of the landscape in Cyprus has a long history.

59 There were another 12,000 Turkish Cypriots, who were displaced during the period 1963–1964, making the number of Turkish Cypriot displaced 60,000 (Gürel et al. 2012: 9-10).
(Patrick 1976, Holland 1998). The decreasing number of mixed villages inhabited by Greek Cypriots and Turkish Cypriots throughout time presents strong evidence in this regard.

<table>
<thead>
<tr>
<th>Year</th>
<th>Mixed Villages</th>
<th>GC Villages</th>
<th>TC Villages</th>
<th>Total Villages</th>
<th>% Mixed</th>
<th>% GC</th>
<th>% TC</th>
</tr>
</thead>
<tbody>
<tr>
<td>1891</td>
<td>346</td>
<td>342</td>
<td>114</td>
<td>802</td>
<td>43</td>
<td>43</td>
<td>14</td>
</tr>
<tr>
<td>1931</td>
<td>252</td>
<td>358</td>
<td>84</td>
<td>694</td>
<td>36</td>
<td>52</td>
<td>12</td>
</tr>
<tr>
<td>1960</td>
<td>114</td>
<td>392</td>
<td>117</td>
<td>623</td>
<td>18</td>
<td>63</td>
<td>19</td>
</tr>
<tr>
<td>1970</td>
<td>48</td>
<td>444</td>
<td>11</td>
<td>503</td>
<td>10</td>
<td>88</td>
<td>2</td>
</tr>
</tbody>
</table>

(Source: Patrick 1976, as cited and adapted in Lytras and Psaltis 2011: 17.)

As it can be seen in Figure 7, the decrease in the number of mixed villages can be traced back to the late 19th century. The early period of this ethnic homogenisation is explained by factors such as urbanisation and the migration of some Turkish Cypriots (then Muslims) to Anatolia after the island changed hands from the Ottomans (Asmussen 1996, cited in Lytras and Psaltis 2011: 17; Nevzat 2005: 200, cited in Gürel et al. 2012: 5). Factors such as these led to a gradual decrease in the number of mixed villages by the mid-1950s. Yet, since then this number decreased at a greater pace due to rising nationalism on the island and emergence of armed military groups in both communities, leading to worsening inter-communal relations (Lytras and Psaltis 2011: 17, also see chapter 2). It can be seen in Figure 7 that the number of mixed villages decreased to less than half in 30 years between 1931 and 1960. It is likewise worth acknowledging that the trend of ethnic homogenisation also occurred in each of the six large towns of Cyprus. For example, the capital Nicosia was divided by barbed wire across the ethnically homogenised Greek Cypriot quarter of Ayios Lukas and the Turkish Cypriot quarter of Ömeriye in the late 1950s (Holland 1998: 264-265, cited in Gürel et al. 2012: 5).

Although tensions partially relaxed and some of the displaced people returned to their villages, when the Republic of Cyprus was declared in 1960, the renewal of tensions resulted in a dramatic decrease in the number of mixed villages from 114 to 45 in a very short time period from December 1963 to August 1964 (cited in Lytras and Psaltis 2011, also see chapter 2). Twenty-five thousand Turkish Cypriots from across the island were displaced. Although this was only 25% of the Turkish Cypriot population, 90% temporarily left their homes and
lived in tents, barns, and schools in 42 ethnically homogenised enclaves, which were safeguarded by armed fighters (Patrick 1976: 343, cited in Gürel et al. 2012: 7). Additionally, approximately 1,500-2,000 Greek and Armenian Cypriots were displaced, mainly in Nicosia (ibid). The number of mixed villages rose slightly back to 48 in 1970 after a relative relaxation of the inter-communal tensions of 1967 (see Figure 7). Nonetheless, by the 1970s, before the division of the island, the two communities were living in ethnically divided quarters in villages and towns (Patrick 1976: 8, cited in Lytras and Psaltis 2011: 17-18).

With regard to cooperation between the Turkish Cypriot and Greek Cypriot communities on economic and labour matters, a high level of contact and cooperation was evident, which can be interpreted as a form of integration, up to the mid-1950s. According to Kyris (1977, cited in Ciçek 1993: 38), there were “never two separate economies in Cyprus and Greeks and Turks did business together indiscriminately and there was not the least prejudice when it came to the one employing the other”. For Kyris, not only did the two communities often speak the language of the other community, but a cross-fertilisation between the two dialects also occurred (Beckingham 1957: 170, cited in Kyris 2015: 29). This also suggests high levels of economic relations between the two communities. Similarly, according to an official from the Pancyprian Federation of Labour (PEO), “the Greek Cypriot and Turkish Cypriot communities have always been an integral part of the working class of Cyprus” and had good relations until the mid- to late-1950s (Interview no.47). Indeed, the two communities established the Pancyprian Trade Union Committee (PSE – predecessor of the PEO) together in 1941, and in the words of the interviewee, “waged great and heroic struggles against the British Colonial Rule culminating into the [bigger] 1948 strike” (ibid).

However, these good relations began to disappear by the mid-1950s with rising nationalism on the island (see chapter 2). Nationalist Turkish Cypriots initiated a campaign called ‘from Turk to Turk’ for developing a fully-fledged Turkish Market including Turkish importers and exporters in order to economically bolster the Turkish Cypriot elite, which they promoted between 1958 and 1960, (Kızılyürek 1983: 57). Likewise, the nationalist Turkish Cypriots established the Turkish Workers’ Union in the late 1950s (Lytras and Psaltis 2011: 13). Nevertheless, the majority of Turkish Cypriots initially did not leave for the new union and remained in the PSE (Interview no.47). Yet, increasing disintegration in the areas of economic and labour affairs soon began to develop in the context of worsening inter-communal
relations and accelerated ethnic segregation in the early 1960s, as aforementioned. Moreover, Turkish and Greek Cypriots experienced blackmail and threats from the military organisations in their own communities (TMT and EOKA, respectively), which also played a considerable role.

For instance, the TMT (Turkish Resistance Organisation) forbade Turkish Cypriots from membership of the PSE, buying and selling products to/from Greek Cypriots, speaking in Greek, and being in friendly relationships with Greek Cypriots (Lytras and Psaltis 2011: 13, see also Kızilyürek 1999). Those who ‘disobeyed’ were blackmailed and threatened (ibid). Also, left-wing Turkish Cypriots and Greek Cypriots, who favoured protecting the independence of the RoC, were assassinated by these organisations (ibid; interview no.47). Within such a context, only limited economic or social contacts remained between the two communities (Patrick 1976: 8, cited in Lytras and Psaltis 2011: 17, interview no.47) and very few Turkish Cypriots remained as PEO members by the 1970s. One PEO official highlighted that “the number who left [the PEO] out of their will was very small” (Interview no.47). Overall, it can be concluded that despite the historically close inter-communal relations regarding economic and labour affairs, the two communities were already disintegrating in the areas of economic and labour cooperation before the territorial division of the island and total ethnic segregation in 1974.

This section has looked at a number of key characteristics in regard to the social and economic relations of the Turkish Cypriot and Greek Cypriot communities in the pre-division era. It was argued that although the division of the island has territorially divided Cyprus and ethnically segregated the two communities into different zones, to a large extent the two communities had already disintegrated before the division of the island. This presents an inherent limitation to the potential that the movement of persons (after 2003) could work as a mechanism for the EU’s liberal peace project on the island. The next section will present the institutional and procedural aspects of implementation of the movement of persons in Cyprus and discuss the extent to which the area is adequately addressed by the GLR to act as a mechanism for the EU’s liberal peace project on the island.
6.3. A Basic Design: The Green Line Regulation and Movement of Persons in Cyprus

The previous section considered some key characteristics regarding the social and economic relations of the Turkish Cypriot and Greek Cypriot communities in the pre-division era. This section sheds light on the institutional and procedural aspects of the movement of persons in Cyprus. Additionally, it discusses the extent to which the GLR can facilitate the movement of persons by its design and act as a mechanism for the EU’s liberal peace project on the island.

The movement of persons began on 23 April 2003, in the pre-EU accession period, with decision NO E-762-2003 taken by the TRNC Council of Ministers on 21 April 2003 (TRNC Official Journal 2003a; also see BBC 2003, Smith 2003). This decision allowed Greek Cypriots to cross from the south to the north between 9:00 and 24:00, provided that they declared passports to the Turkish Cypriot officials, filled in a ‘crossing document’ (in the form of short visa slip), and were issued car insurance at the crossing points (if crossing with a vehicle) (ibid). Turkish Cypriots were also allowed to cross to the south based on very similar conditions, except they could cross into the south from 7:00 and had to register their vehicles with the Turkish Cypriot authorities at the crossing points (if crossing with a vehicle). Tourists and everyone else in the south were also allowed to cross into the north; however, without the time restrictions applied to Greek Cypriots (ibid). A week later on 29 April 2003, the north slightly relaxed the conditions for Greek Cypriot crossings, allowing them to cross from 7:00, and stay in the north for up to three nights (on each crossing) (TRNC Official Journal 2003b).

The RoC authorities also registered each Turkish Cypriot’s ID card numbers on their systems, yet they did not keep track of people leaving from the south to the north (BBC 2003, Smith 2003).

On 1 May 2004, Cyprus attained membership of the EU. However, the application of EU law in the north was suspended due to the ongoing de facto territorial and political division on the island (see chapter 3). With regard to the movement of persons, this meant the north remained outside of the EU’s area of freedom, justice and security, and the free movement of persons was not applied as within the EU. While the movement of persons from the south

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60 These documents included details of name, surname, nationality, and passport number/ID number, which were stamped by the TRNC police at the crossing points. Although this document has been referred to as a ‘visa’ to enter into the TRNC, Turkish Cypriots also filled in the same document for crossing the Green Line.
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into the north remained subject to the aforementioned provisions of north Cyprus, movement in the opposite direction was governed by the Green Line Regulation (GLR). On this basis, Articles 2 and 3 of the GLR prescribes the specifications for the movement of persons. According to Article 2 of the GLR (European Council 2005a):

1. The Republic of Cyprus shall carry out checks on all persons crossing the line with the aim to combat illegal immigration of third-country nationals and to detect and prevent any threat to public security and public policy. Such checks shall also be carried out on vehicles and objects in the possession of persons crossing the line.

2. All persons shall undergo at least one such check in order to establish their identity.

3. Third country nationals shall only be allowed to cross the line provided they:
   
   (a) Possess either a residence permit issued by the Republic of Cyprus or a valid travel document and, if required, a valid visa for the Republic of Cyprus, and

   (b) Do not represent a threat to public policy or public security.

4. The line shall be crossed only at crossing points authorised by the competent authorities of the Republic of Cyprus. A list of these crossing points is laid down in Annex I.

5. Checks on persons at the boundary between the Eastern Sovereign Base Area and the areas not under effective control of the Government of the Republic of Cyprus shall be carried out in accordance with Article 5(2) of Protocol 3 to the Act of Accession.

As it can be seen, Article 2(1) and (2) stipulates that the RoC is obliged to conduct checks on all persons to establish their identity at the crossing points. However, based on Article 2(3) stricter rules apply to third country nationals. According to Article 2(4), the Green Line shall be crossed at the authorised crossing points only. Accordingly, two of the four crossing points available in May 2004 were listed under Annex I of the GLR, and it has been amended to include new crossing points over time as the two sides tacitly agreed to open additional crossing points (see Figure 8). It should be noted that two crossing points are not authorised under Annex I because they allow access across the Green Line via the British Sovereign Base Area, which are external borders to the RoC. Nevertheless, according to Article 2(5), crossings from these two points are still legal and the EU cooperates with the SBA administration for application of terms and conditions of the GLR on those crossing points. The number of
crossing points increased from four to seven in 2010 (see Figure 8). Furthermore, according to Article 3:

Effective surveillance shall be carried out by the Republic of Cyprus all along the line, in such a way as to discourage people from circumventing checks at the crossing points referred to in Article 2(4) (European Council 2005a).

The north of Cyprus also made some changes to its policy that governs the movement of persons from the south into the north in the post-EU accession period. In an amendment, it was agreed that EU citizens (including Greek Cypriots) can cross to the north by using their ID cards (TRNC Official Journal 2004a, Kıbrıs 2004). On 2 June 2004, the north of Cyprus abolished time restrictions on crossings for both Greek Cypriots and Turkish Cypriots, which were previously only one day long and until 24:00 (TRNC Official Journal 2004b). Additionally, the accommodation restriction for Greek Cypriots, which obliged Greek Cypriots to only stay in the hotels in the north, was abandoned and it was agreed that children under 11 did not need IDs when crossing with his/her parents (ibid). Finally, on 16 May 2015, the practice, which required both Greek and Turkish Cypriots to fill in crossing documents at the crossing points, was abolished (Resmi Gazete 2015).

**FIGURE 8. Authorised Crossing Points on the Green Line in Cyprus**

<table>
<thead>
<tr>
<th>Crossing Point Name</th>
<th>District</th>
<th>Date of Authorisation by the EU</th>
<th>Date of Opening</th>
<th>Type of Crossing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ledra Palace</td>
<td>Nicosia</td>
<td>1.5.2004</td>
<td>23.4.2003</td>
<td>By foot only</td>
</tr>
<tr>
<td>Agios Dhometios/Metehan</td>
<td>Nicosia</td>
<td>1.5.2004</td>
<td>30.4.2003</td>
<td>By foot and car</td>
</tr>
<tr>
<td>Pergamos/ Beyarmudu</td>
<td>Pergamos/ Beyarmudu</td>
<td>N.a. Under the authority of SBA Administration⁶¹</td>
<td>23.4.2003</td>
<td>By foot and vehicle.</td>
</tr>
<tr>
<td>Strovilia/ Akyar</td>
<td>Famagusta</td>
<td>N.a. Under the authority of SBA Administration</td>
<td>26.4.2003</td>
<td>By car</td>
</tr>
<tr>
<td>Ledra Street/ Lokmaci</td>
<td>Nicosia</td>
<td>18.4.2005</td>
<td>3.4.2008</td>
<td>By foot</td>
</tr>
</tbody>
</table>

Within this context, there are some inherent limitations to the movement of persons and the extent to which such activity can contribute to the EU’s liberal peace project on the island.

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⁶¹ British Sovereign Base Areas (SBA).
Firstly, the way that the movement of persons shall be practiced does not foster ‘a sense of community’ and ‘common country’ but rather reinforces the sense of ‘division’ and ‘separateness’ between the north and south of the island. As such, the north treats the Green Line as an external border of the TRNC and treats the movement of persons as entering/leaving the country. Similarly, according to a high-level EU official, despite the political approach in the GLR, which treats the Green Line as an internal line within a country rather than an external border, the checks on persons as well as the obligation for effective surveillance of the Green Line are “very similar to those in use at external borders of the EU” (Interview no.12). Secondly, the design of the GLR does not provide provision to bypass the political and legal complexities stemming from the politics of division, which makes the EU effect in this area dramatically open to the mediation of domestic factors (see section 6.5.a for the results). Thirdly, although effective surveillance of the Green Line for combating what is referred to as ‘illegal immigration’ is an obligation for the RoC, the GLR does not provide or direct to a platform for the two sides to cooperate on security-related matters.

In regard to what is referred as movement of consumers, the rules are laid down under Article 6. Article 6(1) stipulates that the EU’s tax-exemption arrangements for the non-commercial importation of goods by travellers in respect of intra-Community travel and travel between Member States and third countries (Council Directive 69/169/EEC, see European Council 2000) does not apply to movement of persons across the Green Line in Cyprus. Instead, it imposes a total maximum value of goods that can be crossed in the personal luggage of persons crossing the line (European Council 2005a). This was determined to be €30 in 2004 (European Council 2004), which was later increased to €135 on 19 April 2005 (European Council 2005b), and finally to €260 on 16 June 2008 (European Council 2008b). Article 6(2), (3), and (4) stipulates that cigarettes and spirits are exempt from this amount (limited to 40 cigarettes and 1 litre of spirits for personal consumption) and these goods shall not be granted to persons under 17 years of age (European Council 2005a). Finally, Article 6(5) puts forward that the RoC can put further restrictions regarding movement of consumers up to three months after approval by the Commission, if “[...] serious disturbances in a specific sector of its economy [are] caused by the extensive use of the facilities by persons crossing the line [...]” (European Council 2005a).
This context also does not adequately address the movement of consumers, which inherently limits the extent to which such activity can contribute to the EU’s liberal peace project on the island. According to an interviewee from the Turkish Cypriot Chamber of Commerce (TCCoC), “although the GLR provides a regulatory basis protecting the movement consumers, it is also a restrictive basis too” (Interview no.45). Specifically, the value restriction to the goods that can be carried with the persons crossing the line and the open door in Article 6(5) for the RoC to put further restrictions. This means if a Greek Cypriot decides to furnish for his/her house from the shops in the north, such as for price or variety considerations, this is not possible. Similarly, there are large home furnishing stores in the south, which are very popular among Turkish Cypriot consumers (such as IKEA). However, the Turkish Cypriot policy governing this area does not allow for Turkish Cypriots to furnish their houses from there, buy large furniture, or obtain a delivery to the north (Interview no.35). It should be pointed out that such restrictions are contrary to the logic of liberal peace, which aims to facilitate reunification of the island by fostering economic integration of the two communities. Finally, as a major shortcoming in the design of the GLR, the movement of labour is neither addressed nor referred to another EU provision. Therefore, the GLR does not explicitly facilitate movement of labour or contain provisions to ensure equal treatment or protection of social rights of Turkish Cypriots, who might live in the north but work in the south.

This section overviewed the institutional and procedural aspects of movement of persons in Cyprus. It argued that the design of the GLR has inherent limitations to the extent to which it can facilitate movement of persons, labour, and consumers and act as a mechanism for the EU’s liberal peace project on the island. The next section will present empirical data and information about the extent to which the movement of persons occurred in Cyprus.

6.4. Mixed Results: The Level of Movement of Persons in Cyprus

The previous section overviewed the procedural and institutional aspects of the movement of persons and commented on the extent to which the GLR can facilitate such movement by its design and act as a mechanism for the EU’s liberal peace project in Cyprus. This section
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aims to present empirical data on the extent to which the movement of persons occurred in Cyprus.

As Section 6.2 underlined, the movement of persons began on 23 April 2003, one year before the EU’s accession of Cyprus. Opening of the Green Line initially caused exceptional ‘excitement’ as well as a sense of ‘hurry’ among Cypriots to seize the opportunity and visit their homes, villages/towns, as well as neighbours from the other community they were longing to meet before any possible overturn of the decision at the time. This led to crowds of people rushing towards the crossing points, who then formed kilometre-long queues and waited 8 to 10 hours in order to cross the Green Line, which was termed a ‘stampede’ in the media (Halkin Sesi 2003a, Kirbaki 2003a). Reportedly, approximately 800,000, a quarter of the island’s population, crossed the Green Line in only two weeks (Ker-Lindsay 2005; see also Halkin Sesi 2003a, 2003b; Kirbaki 2003c). In this first year of the crossings, reportedly, a total of 2,538,986 crossings had been recorded (1,123,720 by Greek Cypriots, 1,371,099 by Turkish Cypriots, and 44,167 by others) (UNDP 2011: 11). In 2004, the first year of the EU’s accession of the island, the figures increased and peaked at 3,659,762 (1,173,825 by Greek Cypriots, 2,159,54 by Turkish Cypriots, 256,400 by tourists visiting the north, and 69,996 by others) (UNDP 2011: 11).\(^62\)

\(^62\) Although the figures on movement of persons have been annually reported by the EC (annual reports on implementation of the GLR), the first reporting period between 1 May 2004 and 30 April 2005 is an exception. Therefore, the data is retrieved from the report of the UNDPs interdependence project in Cyprus. Additionally, it should be noted that the EC’s reports do not include data on the movement of persons occurring at the Pergamos and Strovilia crossing points, as both are under the authority of the SBA Administration but not of the RoC (European Commission 2009). Additionally, official figures on the movement of persons in Cyprus in these reports, which are used in this chapter, are gathered from the RoC authorities. Nevertheless, as in the report covering the period 1 January and 31 December 2011 (European Commission 2012), the EC reports also provide figures on movement of persons gathered from the Turkish Cypriot community. These figures are broadly in line with the figures provided by the RoC authorities.
Although the total number of movements of persons reached a peak within the first two years (2003 and 2004), based on the data provided by the European Commission starting from May 2005 (see Figure 9), the trend was a three-year decline by early 2008 (and four if the figures of UNDP for 2004 are added to this statement). Although the total number of crossings suddenly make a ‘jump’ between 2008 and 2009 (2,756,533), this is not because of an increase in the number of crossings by the two communities but due to inclusion of the number of crossings effected by others (non-Cypriot EU and third country nationals) in the GLR annual reports by the EC as of May 2008. In fact, despite a slight increase in the figures for crossings for both communities between 2007 and 2008, the gradual decline continued in subsequent years. A similar explanation could be made for 2010, which in Figure 9 suggests a sharp decrease in all crossings. This is because the GLR report for that year covered a shorter period of time (an eight-month period rather than 12) as the EC decided to align the reporting periods with the calendar year starting with 1 January 2011. Whereas previously, GLR annual reports covered time periods starting with 1 May of a given year (accession date of Cyprus

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63 This chart has been created based on the number of crossings by persons as provided in the Green Line Regulation annual reports by the European Commission, which covers the period between May 2004 and December 2016. While the EC’s reporting period aligns with the calendar year (1 January–31 December) for 2011 and after, the reporting period started on 1 May of a given year until 30 April of the following year. Those years are represented with the year of the start date of a reporting period in the table. For example, the year 2005 in the table represents the reporting period 1 May 2005 to 30 April 2006.
into the EU) until 30 April of the following year, the report of 2010 covered 1 May 2010 to 31 December 2010. Nevertheless, even if this exception is ignored, the difference between the figures for 2009 and 2011 still indicate an overall gradual decrease in all figures. Finally, despite some slight fluctuations in the figures between 2011 and 2016, the number of crossings stabilised to a total of 2,071,765; 964,475 by Turkish Cypriots, 560,241 by Greek Cypriots, and 548,715 by others.

Overall, a gradual decrease was evident in the level of movement of persons between 2003 and 2016, of which the most recent figures are less than half the initial years of the crossings. This gradual decrease is mainly due to the absence of development of sufficient links between the two communities to sustain and foster the level of movement of persons across the Green Line. The high level of crossings in the early years was due to the ‘longing’ of Cypriots for their homes, properties, neighbours, religious sites, villages and towns, which they left behind during the division and their forced displacement in 1974 (UNDP 2011, Halkın Sesi 2003b, interview no.44). Similarly, ‘curiosity’ was an important factor too. Especially for many Turkish Cypriots, who considered the north Cyprus as an ‘open air prison’ due to their international isolation and wanted to ‘catch a glimpse of’ the ‘other side’ after three decades of division (Smith 2003b, interview no.44). However, ‘longing’ and ‘curiosity’ are not sufficiently constant factors to sustain high levels of movement of persons, and do not necessarily require social contacts between the two communities. According to an interviewee, although there are examples of Greek and Turkish Cypriots crossing the Green Line to meet each other, such inter-communal social contacts are exceptional, which means Cypriots “do not have a reason to cross over” other than for touristic, consumer, personal or religious reasons (Interview no.45). Moreover, although the current yearly figures are not merely symbolic but considerable numbers, they equate to only a marginal proportion of the overall population of the island (approximately 1.5 million combined) and are not at very high levels.

It should also be acknowledged that there is an evident asymmetry in the number of crossings between the two communities. The level of movement of persons is approximately two times more frequent among the Turkish Cypriot Community than the Greek Cypriot community, which can similarly be observed not only in the last few years but also throughout the available data. This is particularly interesting, when acknowledging that the former is the smaller community of the island and its population is approximately one-third that of the
latter. While this trend can be partially explained through crossing to the north being perceived as something ‘inappropriate’ by many within Greek Cypriot civil society (6.5.c) and the state (6.5.a), it is also due to the existence of additional reasons for Turkish Cypriots to cross over related to movement of labour and consumers, which will be elaborated in the rest of this section. Therefore, it can be argued that opening of the Green Line for movement of persons did not lead to social (re)integration of the Turkish Cypriot and Greek Cypriot communities.

In regard to the movement of labour, unlike the movement of persons, there is no coherent or full-bodied data to overview. Nonetheless, sufficient material has been drawn from various sources in order to contextualise such movement. It was estimated that approximately 8,800 Turkish Cypriots were employed in the south in late September 2003 (Kirbaki 2003). Reportedly, this number reached 10,000 by mid-2004 (Kıbrıs 2004b). In early 2005, it was reported that Turkish Cypriot workers in the south contributed $180 million into the Turkish Cypriot economy (Kıbrıs 2004f). Predominantly male Turkish Cypriots, they were primarily employed in the construction sector in the south, although a small number of female workers were also employed in the south’s hotel, manufacturing, and commerce industries (UNDP 2011: 13, Yeni Düzen 2003f, interview no.47).

A joint report by UNDP and USAID in Cyprus identified that Turkish Cypriot employment in the south was around 2,800 in 2008 but fell to 2,460 in 2009 (UNDP 2011: 11). Nonetheless, this number was undeniably much higher it was identified that at least 22% of Turkish Cypriot workers in the south were not registered (ibid, also see section 6.5.d). According to an official from the PEO (Pancyprian Federation of Labour), the number of Turkish Cypriots employed in the south dramatically decreased to less than 800 by 2012 (Interview no.47). This is primarily a result of the Greek Cypriot economic and banking crisis (see Higgins 2013, Smith 2013, The Economist 2013) that dramatically hit the construction sector, which in fact predominantly employed Turkish Cypriots (Interview no.47). A survey by the TRNC’s State Planning Organization revealed that 488 people from the active population in the north (0.4%) had been working in the south in 2016 (SPO 2016: 2). Yet it should be noted that this number might be slightly higher, because those who work in the south are not required to inform the authorities in the north of their current work status (Interview no.45). On the other hand, anecdotal evidence suggests that there is no identifiable movement of Greek Cypriot labour
from the south to the north, with the exception of one or two examples (Interview no.4, no.44). Therefore, movement of Turkish Cypriot labour in Cyprus is currently minimal.

Regarding the movement of consumers, similar to the movement of labour, no full-bodied data is available to overview. However, there is sufficient material to contextualise the extent to which such movement occurs. Cypriots cross the Green Line over to either side for shopping, touristic visits to sites, holidaymaking in hotels, and using restaurants (UNDP Report 2011: 10). More specifically, Greek Cypriot consumers tend to spend money in the north on counterfeit goods, casinos, touristic places, textiles (wool and curtains), hotels and restaurants (DAÜ and LAÜ 2013: 10). On the other hand, Turkish Cypriots tend to spend money in the south for the variety of clothing (especially international brands, which are not available in the north), higher health standards in meat and dairy products, cheaper prices in electric products and replacement parts, and quality of service offered by official manufacturers of motor vehicles (ibid: 9).

On this basis, it was reported that Greek Cypriots, who found products in the north inexpensive such as clothing, cigarettes, spirits, electronic products, fish and petrol, spent approximately $2.5 million in the north during the first week of crossings in April 2003 (Kirbaki 2003a, 2003d). Additionally, more than 300 Greek Cypriots were accommodated in the hotels in the north during that time period (Halkın Sesi 2003b) and this trend continued in similar numbers in early June 2003 (Radikal 2003b). By mid-2004, it was reported that 75% of gamblers in the casinos of the north were Greek Cypriots (Milliyet 2004). It was estimated that an interdependence expenditure accounting for €226 million benefitted both communities in 2009, of which 75% occurred through the movement of consumers across the Green Line (UNDP 2011: 10). Comparatively, movement of goods (chapter 4) accounted for only €7 million (2%) of the total expenditure (ibid). Furthermore, between May 2009 and April 2010, consumers from both communities spent around €43 million in the wholesale and retail sector of the other community (European Commission 2010: 6). On the other hand, movement of goods between those dates accounted for €6 million (see chapter 4). Therefore, despite the fact that the level of crossings was not very high, a significant level of movement of consumers was evident on either side of the divide. It has also been acknowledged by the European Commission in 2011 and 2012 that economic activity by movement of consumers was several times higher than movement of goods (European Commission 2011, 2012). An
Interviewee also noted that people tend to not obey the rules on value restrictions (movement of consumers) regarding the movement of consumers in the GLR (and in the policy of the north); therefore, there is an enormous level of ‘smuggling’ of goods across the Green Line exceeding the allowed amounts (Interview no.7).

Moreover, it has been reported that Turkish Cypriots spent €60,305,455 in the south in the first half of 2012 (January–June), while Greek Cypriots spent €11,439,648 in the opposite direction (ibid: 9). It was also reported that Turkish Cypriots spent in average €89 per person per visit to the south, whereas this number for Greek Cypriots had been €36 per visit per person in the opposite direction (ibid). Previously, these numbers have been reported as €70 for Turkish Cypriots and €50 for Greek Cypriots in 2009 (UNDP 2011: 11-12). Nevertheless, according to an interviewee, the real-life figures might be higher because firstly these estimations are made based on credit card transactions only and do not include cash transactions because such activities are not easy to track (Interview no.44). Additionally, Greek Cypriots tend to use cash rather than credit cards in order to keep their expenditure ‘hidden’ from the authorities in the south (ibid).

This section presented empirical data on the extent to which the movement of persons (persons, labour, and consumers) occurred in Cyprus. It has been pointed out that there have been mixed results. Although the movement of persons occurred at considerable levels, the opening of the Green Line checkpoints did not lead to (re)integration of the Turkish Cypriot and Greek Cypriot communities or a significant level of movement of labour. On the other hand, despite the fact that the level of crossings was not very high, the opening of the Green Line checkpoints led to a more positive result regarding the economic interaction between the Turkish Cypriot and Greek Cypriot communities. It can therefore be said that people who cross the Green Line are interested in touristic trips and consumer-related activities rather than a more meaningful social interaction with the other community, and the two sides still remain fundamentally separate from each other in almost every aspect of life. On this basis, the level of movement of persons on the island indicates very limited progress for the EU’s liberal peace project on the island. The following section will investigate how domestic factors have mediated the EU effect on movement of persons in Cyprus.
6.5. Another Battleground: The EU effect on the Movement of Persons and Mediation of Domestic Factors

The previous section presented empirical data regarding the level of movement of persons on the island. This section investigates how domestic factors related to the (lack of) legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance have mediated the EU effect on the movement of persons in Cyprus.

6.5.a. The Role of Legal Framework

This section analyses how the legal framework as a domestic factor mediated the EU effect on the movement of persons in Cyprus. Additionally, the legal framework underpinning the area of security and crime-related matters is also a factor to consider in ascertaining how the domestic legal framework mediates the EU effect in the island.

Firstly, a significant proportion of the population in the north of Cyprus cannot cross to the south. This is due to legal complications at the domestic level. TRNC citizens of Turkish or other origin, and third country nationals residing in the north (such as students, immigrants, workers) are not allowed to enter the RoC. This is because the air and sea ports in the north as well as the residence permits issued by the Turkish Cypriot authorities are seen as ‘illegal’ by the RoC (Interview no.44; also see section 5.5 of chapter 5). Notably during the pre-EU accession period, a number of concrete examples of this legal complication were reported. For example, two Iranian university students studying in north Cyprus attempted to cross the Green Line in Nicosia in October 2003. However, they were taken into custody by the Greek Cypriot police to be charged on the grounds that the students entered the country via ‘illegal’ routes (ports in the north) and were studying at an ‘illegal university’ (Hürriyet 2003g). A very similar case occurred when a Pakistani couple along with their child were taken into custody for entering the island and residing there ‘illegally’ (ibid). Additionally, it was pointed out earlier (section 6.3) that EU citizens arriving to the island from a port in the north were also not allowed into the south due to the same legal complications.
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This approach has been abandoned in regard to EU citizens in the post-accession period as the EU has placed considerable emphasis on the free movement of EU citizens across the island, regardless of their point of entry into Cyprus (Interview no.12). This can be seen in the following preamble in the GLR: “While taking into account the legitimate concerns of the Government of the Republic of Cyprus, it is necessary to enable EU citizens to exercise their rights of free movement within the EU” (European Council 2005a: Para 7). The GLR did not however ‘resolve’ this complication regarding non-EU citizens living in the north. Therefore, a significant proportion of the population living in the north of Cyprus cannot move across the Green Line, which significantly restricts the extent to which movement of persons could potentially occur.

For all that, it is worth acknowledging that the TRNC allows every individual on the island to cross the Green Line into the north (unless there are threats to public security). Although this ‘flexibility’ might appear paradoxical due to the TRNC’s treatment of the Green Line as an external border, this is because the TRNC authorities treat every individual crossing to the north from the south as tourists entering into the country from abroad (Kirbaki 2003d, Kıbrıs 2004c, interview no.46). Additionally, there are a number of EU-induced changes regarding the legal framework, which governs the movement of persons from the south to the north. These are the amendments overviewed in Section 6.3. Such as initially crossings were only day-long, stay overs after midnight for Greek Cypriots in the north and for Turkish Cypriots in the south were forbidden (later only Greek Cypriots were given the right to stay in hotels in the north for up to three nights) (see section 6.3 for more). Nevertheless, all of these restrictions were dropped in the post-EU accession era (see section 6.3). In a statement, the then TRNC Deputy Prime Minister and Minister of Foreign Affairs Serdar Denktaş said that these changes were made in response to the EU’s GLR as well as the expectation that a ‘softer’ policy on movement of persons would support the economy and the tourism sector in the north (Kıbrıs 2004c).

Secondly, in regard to the movement of consumers, apart from the restrictions stemming from the design of the GLR (see section 6.3), an amendment to the penal code in the south in October 2006 posed a barrier for such activity. This is because it penalises “any illegal use (including rent) of property with a sentence of seven years of imprisonment” (European Commission 2007b: 3). Given that approximately 78% of the private property in the north was
previously owned by the Greek Cypriot community before the division of the island in 1974, this had initially caused concern among the Turkish Cypriot community and seemed to be a major barrier for the movement of persons on the island (ibid). However, the RoC did not apply this policy to ordinary Turkish Cypriot citizens *per se* (European Commission 2008: 3). On the other hand, this amendment also deemed hotels in the north (which are built on Greek Cypriot property) as illegal and established a legal basis against the use of the hotels in the north by Greek Cypriots and tourists, as well as development of the real estate and construction sector in the north (Interview no.40, no.42).

Thirdly, mediation of the EU effect by the legal framework can be observed though the non-cooperation of the north and south on security and crime-related matters. In the pre-EU accession period (2003), Haritos Yangu, the then deputy manager of the Drug Law Enforcement Unit, said that the issue of drugs entering into the south from the north was increasingly becoming a problem, with six drug-related incidents having been reported in the first five months of the opening of the crossings in 2003 (Yeni Düzen 2003e). However, until now, there has been no cooperation between the police forces of the two sides to cope with such matters. In the post-EU accession era, the GLR reports draw attention to unauthorised crossing points on the Green Line relating EC concerns with ‘illegal immigration and crossings’ of third country nationals and ‘smuggling of goods’ (such as spirits and tobacco) from the north into the south (see European Commission 2008, 2009, 2010). Still, given that the GLR did not authorise a counterpart Turkish Cypriot body on such matters, the south continued to refrain from cooperation with the north due to political considerations (see section 6.5.b). In such a context, the EU has called on the RoC to implement measures to strengthen cooperation in this field (see European Commission 2006, 2010, 2015). While cooperation between the two sides or inclusion of the north into the EU’s area of justice and security could lead to a ‘freer’ movement of persons across the island, the inadequate design of the GLR as well as non-cooperation of the south with the north led to demands to strengthen the existing framework. This is contrary to the liberal peace logic, which guided the EU’s liberal peace project on the island. On the other hand, the RoC has refused to substantially strengthen the Green Line as it has been “reluctant to take any measure which could lead to the line taking on the appearance of an external border” (European Commission 2008: 5; interview no.12).
This section analysed how legal uncertainty mediated and negated the EU effect on the movement of persons in Cyprus by highlighting that a large proportion of the population living in the north cannot move across the Green Line at all. Additionally, it highlighted the legal barriers against the movement of consumers and cooperation of the north and south on security and crime-related matters. The next section will analyse the role of ethno-politics in political elites in mediating the EU effect on the movement of persons in Cyprus.

6.5.b. The Role of Ethno-Politics in Political Elites

The last section emphasised how the legal framework mediated the EU effect on the movement of persons in Cyprus. This section investigates how this effect is mediated by the role of ethno-politics in political elites. It will be argued that a political wrangling for legitimacy between the RoC and TRNC negated the EU effect on the movement of persons and prevented the development of a fertile ground for such movement.

The political wrangling for legitimacy can be observed in the motives of the Turkish Cypriot political elites in taking this decision to open the Green Line checkpoints in 2003, and also how the Greek Cypriot political elites responded to that decision. The TRNC cabinet’s decision to open the Green Line came two weeks after the UN-supported peace talks failed and the Greek Cypriot-led RoC (south) signed the EU accession treaty on 16 April 2003 (see chapter 2). This meant further consolidation of the international status of the RoC as the sole government for the whole island, and a backlash from the TRNC’s ‘struggle’ for recognition as an independent state. In an attempt to balance these developments, the north opened the Green Line checkpoints to ‘prove’ in daily life that the RoC does not have control over the affairs of the north, but rather that there is another state in control (Interview no.44). Although the then hard-line Turkish Cypriot leader Rauf R. Denktaş stated that the TRNC’s decision was a “goodwill gesture” aimed to help towards a solution on the island, he added that when Greek Cypriots declared passports to the TRNC authorities and filled in visa forms (crossing documents) for entering into the north, it would be “acceptance of existence of the TRNC in daily life before at the negotiation table” (ibid, Yetkin 2003). Therefore, this important decision to open the Green Line checkpoints was a strategically calculated step aimed to gain
legitimacy for the TRNC in daily life and ideally turn the Green Line into a *de jure* external border.

In response to this decision, the Greek Cypriot National Council convened for an emergency meeting and the then spokesperson for the RoC, Kypros Chrysostomides, who quickly declared the decision as “an illegal decision of the illegal state” (NTV 2003) aimed to deflect attention away from the Turkish Cypriot leader’s uncompromising attitude in the failed reunification talks (Smith 2003b). Although the RoC did not prevent movement of persons, both the spokesperson and the then hardliner president of the RoC, Tasos Papadopoulos, argued that it was ‘unthinkable’ and ‘unacceptable’ for Greek Cypriots to present passports for their movement on the island, which would demonstrate ‘validity’ to the Turkish Cypriot ‘authorities’ (Yeni Düzen 2003c, CNA 2003b). It can therefore be seen that RoC had been attempting to avoid giving legitimacy to the TRNC and its decisions (also see section 5.5.b).

The movement of persons unquestionably led to many positive developments. In fact, the TRNC prepared a brochure of ‘useful and important information for visitors from the Southern Cyprus [the south]’ (such as police, hospitals, fire department, and traffic rules) in Greek and English to be distributed at the crossing points (Halkın Sesi 2003b), and granted permission to the Greek Cypriots to organise religious ceremonies in the churches of the north (ibid). Additionally, in 2004 as well as in 2015, it relaxed the strict rules on crossings for both Greek Cypriots and Turkish Cypriots (see section 6.3). Furthermore, the TRNC facilitated movement of those who needed to regularly cross to the south for employment or education, by providing them with electronic cards for faster crossings in 2004 (Kıbrıs 2004e). Moreover, the TRNC relaxed its attitude on Turkish Cypriots obtaining RoC passports, which was seen as ‘treason’ before the opening of the Green Line checkpoints, and did not take legal actions against those people (Alkan 2003b, Yetkin 2003, Kıbrıs 2004e). By the end of November 2003, it was reported that 100,000 RoC documents (8,253 passports, 23,215 ID cards, 68,594 birth certificates) had been issued for Turkish Cypriots (Kıbrıs 2003, Sayarı 2003).

Yet none of these developments necessarily indicate a departure from the politics of division. In fact, these measures can be interpreted as strengthening the authority of the TRNC in daily life. Greek Cypriots have to seek permission from the TRNC authorities for organising religious ceremonies in the north and to use services provided by the relevant departments in the
north (such as customs, police, emergency services and so on). It was confirmed by Rauf Denktaş himself that Turkish Cypriots’ obtaining of RoC passports does not mean they are denying their TRNC citizenship; hence, it is not necessarily a political challenge (Sayarı 2003, Yetkin 2003). On the other hand, Greek Cypriots are still not permitted to buy property and settle in the north or claim their property from the pre-1974 period back, whereas they can apply to a commission known as the ‘immovable properties commission’ to sell their properties they left behind (Interview no.46).

Similarly, the RoC scheduled free coach services for Turkish Cypriots who wished to visit their home towns of Limassol, Larnaca, and Paphos (Alkan 2003a) and announced a package of ‘measures’ for Turkish Cypriots on 30 April 2003, which covered a wide range of areas under 18 titles that were primarily aimed to ‘re-grant’ Turkish Cypriots their rights under the RoC (Hürriyet 2003b); such as the crossing of Turkish Cypriots into the south with their vehicles\(^{64}\), establishing a bureau for Turkish Cypriot affairs and recruiting Turkish speaking staff to some governmental departments, issuing official documents (RoC passports, ID cards, birth certificates) for Turkish Cypriots, facilitating Turkish Cypriot employment and training in the south, allowing Turkish Cypriots to participate and vote in the European Elections, and so on (ibid). However, these measures too can easily be interpreted as a strategy to strengthen the legitimacy of the RoC’s institutions on Turkish Cypriot affairs without legitimising the TRNC authorities. In February 2004, the RoC advertised in Turkish Cypriot newspapers calling on Turkish Cypriots to register with the authorities in the south to vote in the then approaching European Parliament Elections in June via the polling stations to be placed in the UN buffer zone (Yeni Düzen 2004). Yet it did not cooperate or ‘authorise’ any Turkish Cypriot body in the north to help Turkish Cypriots vote in the regions in which they were living. Therefore, it is reasonable to argue that boundaries to the movement of persons had been drawn by both the north and the south in limitation of the political wrangling for legitimacy; hence, by the role of ethno-politics in political elites and sustained as such.

In regard to the movement of consumers, the Greek Cypriot government has been critical of the movement of Greek Cypriot consumers to the north. For them, crossing into the north for

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\(^{64}\) Initially, the Greek Cypriot authorities did not allow crossing of Turkish Cypriot’s vehicles, deeming their driving licences illegal. After failing to find an alternative, the RoC exceptionally accepted driving licences for automobiles issued by the TRNC authorities.
entertainment purposes meant supporting the economy of the north (Halkın Sesi 2003b, Milliyet 2003b), and hence sustaining the division of the island (see also 5.5.b). In 2003, the then president of the RoC, Papadopoulos, stated that spending money such a way as to support the ‘pseudo state’ was ‘unacceptable’ (Yeni Düzen 2003b). Similarly, Giorgos Lilikas, the then Greek Cypriot minister of industry and tourism, argued that “the government is against Greek Cypriots spending the night in the north from the first day. It is unacceptable” (Hürriyet 2003d). While this stance clearly presents a negative message to the public against the movement of consumers, the RoC also adopted various explicit steps to restrict movement of Greek Cypriot consumers. Such as the amendment to the penal code in the south, which penalises the ‘illegal use’ of Greek Cypriot property (especially hotels and casinos) and can be seen as an example guided by such thinking (Interview no.40, no.42).

More recently in May 2017, the RoC cabinet approved a project to build Europe’s largest and only integrated casino resort (within the areas that EU law applies), for which investment exceeded €500 million, as well as satellite casinos in each of the four districts in the south (Cyprus Mail 2017a, 2017b). According to the House commerce committee chair, Angelos Votis, it is hoped that “casinos would stop the ‘bleed-out’ of tourists to the north of the island” (Cyprus Mail 2017c).

This section analysed how ethno-politics in political elites mediates the EU effect on the movement of persons in Cyprus. It highlighted that a political wrangling for legitimacy between the north and the south and the ethno-political thinking among the Greek Cypriot elites that economic development of the north is contrary to the idea of reunification heavily mediated the EU effect on movement of persons. Therefore, movement of persons to become a fertile ground for (re)integration of the two communities was prevented, together with development of a political dynamism to facilitate reunification of the island. The next section will analyse the role of ethno-politics in civil society in mediating the EU effect on movement of persons in Cyprus.
6.5.c. The Role of Ethno-Politics in Civil Society

The previous section studied how ethno-politics in political elites mediated the EU effect on the movement of persons in Cyprus. This section investigates how this effect is mediated by ethno-politics in civil society. It is emphasised that although a wide range of civil society actors across the divide utilised the movement of persons and frequently cooperated; psychological barriers, potential competition, and nationalist extremism are significant factors that negated the EU effect.

In regard to cooperation, many Turkish Cypriot and Greek Cypriot civil society organisations cooperated for the opening of additional crossing points at the western end of the Green Line in 2003 (namely Zodhia, Lefka-Apliki, and Pyrgo; see Yeni Düzen 2003c), in Nicosia old town in 2004 (namely Ledra Street; see Halkın Sesi 2004) and at the eastern end of the Green Line in 2015 and beyond (namely Deryneia; see Cyprus Mail 2017d, Hellenic Resources Network 2015; also see section 6.3). Likewise, PEO (Pancyprian Federation of Labour) of the south and DEV-İŞ (Federation of Revolutionary Trade Unions) of the north as well as many other trade unions jointly celebrated International Workers’ Day on 1 May 2003 (Milliyet 2003c), after which they continued this cooperation through joint events and statements on days such as International Workers’ Day, International Day of Trade Union Action for Peace, International Women’s Day, and so on (see PEO 2014, 2015a, 2016, 2017; Interview no.47).

What is more, various events and examples of activism have taken place for the reunification of Cyprus. Having been inspired by the then global ‘Occupy Movement’, Greek Cypriot and Turkish Cypriot activists organised regular camps in the buffer zone between October 2011 and July 2012 against ‘borders’ to demand reunification of the island, and raise awareness on the ‘unhealthy global system’ (Hürriyet Daily News 2011, Kakissis 2012). Numerous choir and concert performances have also been presented, such as in Famagusta in 2013 and 2015 (Yeniçağ 2013, Gillett 2015, respectively) and the buffer zone in Nicosia in 2015 (PEO 2015b). In November 2015, a bi-communal movement consisting of 70 NGOs and associations from both sides of the divide, known as the Bi-communal Peace Initiative – United Cyprus, delivered a message to the leaders of the two sides expressing their desire for reunification of the island (Cyprus Mail 2015). Last but not least, another substantial contribution to bi-
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communal activities has been the opening of the Home for Cooperation in the buffer zone in Nicosia on 6 May 2011, which provides space for events such as conferences and exhibitions; and also houses some NGOs including the Association for Historical Dialogue and Research (AHDR), the Centre for Sustainable Peace and Democratic Development (SeeD), Peace Players International-Cyprus (PPI - CY), and so on (Home for Cooperation 2017).

On the other hand, movement of persons has also advanced the empowerment of ethno-politics in civil society in the south. In particular, and in line with the Greek Cypriot government’s position, many actors among the Greek Cypriot community are opposed to the movement of Greek Cypriot (and tourist) consumers to the north (such as for casinos, hotels, restaurants, and shopping) because supporting the Turkish Cypriot economy is believed to ensure that division of the island will be permanent. Therefore, it is regarded as ‘inappropriate’ and ‘unacceptable’ (also see sections 4.5.b and 5.5.b). The Bishop of Paphos, Chrysostomos II, said in 2003 that the crossing of Greek Cypriots into the north for ‘entertainment’ is ‘unbelievable’ and very ‘irresponsible’ (Cypriot News 2003; see also Halkin Sesi 2003b, Milliyet 2003b). This thinking can also be seen through the statement on leaflets distributed by a group named “Magromadis National Club” at the check points in May 2003:

Attention! The area beyond the crossing point is European territory under ‘invasion’. Do not cross unless for worshipping in the holy sites and churches and/or showing your descendants their ancestors’ Hellenic heritage, graves, and houses (Hürriyet 2003c).

While these examples reflect psychological barriers against the movement of consumers in Greek Cypriot civil society in general, this activity has also been fuelled by economic concerns in the south (see also section 5.5.c). Accordingly, Greek Cypriots (and tourists) were openly criticised in 2003 for crossing into the north for entertainment and staying in hotels by many tourism and hotel unions and associations in the south; namely the KOT (Cyprus Tourism Organisation), ACTA (Association of Cyprus Travel Agencies), PASYXE (Cyprus Hotels Association), and STEK (Cyprus Tourist Enterprises) (Hürriyet 2003d). Foreign tour operators were also warned that “the Cyprus government cannot ensure safety of tourists, who cross to the north of the Green Line” (ibid). In 2004, the then president of KOT, Fotis Fotiu, stated:

Hundreds of Greek Cypriots gamble in the north and stay in the hotels there... [also] tourists come to the island [via the ports in the south] from Israel, Egypt, Dubai and Lebanon and cross
into the north to go to casinos...it is necessary to open a casino in the south for political reasons (Kibris 2004g).

As it was indicated in the previous section (6.5.b), the RoC government eventually approved a large project in 2017 for constructing casinos in the south to cope with this ‘tourist bleed-out’ to the north (Cyprus Mail 2017c).

Although these criticisms continued to be low profile, the movement of persons also contributed to the (re)emergence of nationalist extremist groups in the south (see Katsourides 2013), which have been increasingly active and violent. Indeed, early on, after opening of the Green Line checkpoints, news media reports in September 2003 acknowledged the emergence of a new ultranationalist ‘neo-Nazi’ group, who called themselves ‘Golden Dawn of Cyprus’ (Hürriyet 2003f; also see Ellinas 2013 on the Golden Dawn of Greece). This group, later known as ELAM (the National Front) after 2008, has never crossed into the north and organises various violent protests and attacks against Turkish Cypriots in the south (Interview no.44, no.45). For example, they attacked an anti-racism festival in the southern city of Larnaca in November 2010, after cutting the supply of electricity, and stabbed the Turkish Cypriot singer Sertunç Akdoğan who was performing at the festival, and additionally hospitalising 13 other people (O’Connor 2017). In March 2014, they attacked a conference in the southern city of Limassol, where a former Turkish Cypriot leader Mehmet Ali Talat was speaking, by breaking windows and doors and throwing flares into the hall (Oral 2014). Furthermore, in November 2015, on the anniversary of the TRNC's declaration of independence, members of ELAM and EFEN (National Sound of Hellenic Spirit Youth) gathered to protest against the TRNC, at which they also attacked several cars with Turkish license plates with bats and stones and left two Turkish Cypriots injured, which led to the UN peacekeeping force temporarily having to block the crossings (Diner 2015, TRNC PIO 2015; see also Rakoczy 2017 on slashing tyres of cars with Turkish Cypriot plates; see Hazou 2017 for more demonstrations). ELAM’s political wing contested the 2016 elections in the south and won two seats in parliament by passing 3.6% threshold (Kambas 2016), which is also an indication that ethno-politics among the Greek Cypriot civil society.

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65 Katsourides traces the extreme right in the politics of Cyprus back to the early 1930s; it has subsequently reappeared on different occasions.
This extremism can be said to have fed into feelings of deep ‘insecurity’ and ‘mistrust’ between the Turkish Cypriot community and the Greek Cypriot community (Interview no.4, Aygin 2016) and the thinking that crossing into the south can be a ‘risky business’ (Rakoczy 2017). According to Turkish Cypriot who was attacked, crossing into the south on foot might be ‘safer’ because “when you walk there you are just another person, they don’t know you are a Turkish Cypriot so it is much easier” (ibid). Moreover, according to the Turkish Cypriot journalist Aysu Basri Akter, “It is not ELAM or the far-right groups that cause the main concern...It is the inaction of the police and the tolerance of the state as a whole. Not being able to trust the police, the justice system, the state only breeds mistrust and fear” (Aygin 2016). There have been more than 22 serious attacks against Turkish Cypriots or their properties reported to Greek Cypriot police (besides those not reported) since opening of the Green Line for crossings in April 2003; however, none have resulted in full legal action leading to a court sentence, and none have been identified as a hate crime (TRNC PIO 2016, Rakoczy 2017; interview no.46). Additionally, there are allegations from the witnesses of attacks on the inaction of the Greek Cypriot police during such attacks (Diner 2015).

This section investigated how the EU effect on movement of persons is mediated by the role of ethno-politics in civil society in Cyprus. It has been highlighted that although a wide range of civil society actors across the divide utilised the movement of persons and frequently cooperated; psychological barriers, potential competition and nationalist extremism are significant factors, which have negated the EU effect. The next section will analyse how governance mediated the EU effect on movement of persons in Cyprus.

6.5.d. The Role of Governance

The preceding discussion analysed how ethno-politics in civil society mediated the EU effect on the movement of persons in Cyprus. This section investigates the role of governance in mediating this effect in the domestic setting. It is also worthy to acknowledge that some obstacles studied in the previous chapter (chapter 5), such as the absence of island-wide mobile phone calls and island-wide car insurance coverage, are relevant for this section too.
In regard to the movement of labour, a number of problems related to governance are evident. Firstly, equal treatment for Turkish Cypriots employed in the south has been a significant problem since the beginning of the movement of labour in the pre-EU accession period in April 2003. For example, it was reported in 2003 that Turkish Cypriot workers were working significantly below the daily wage compared to Greek Cypriots and only 1,000 of them were registered in the Social Insurance Fund (TKA), whereas more than 7,800 were not (Kirbaki 2003e). In addition, approximately only 600 of them were members of trade unions for protection of their social rights (Yeni Düzen 2003e). According to the then RoC minister of work, Michalis Keravnos, Greek Cypriot employees were not registering the Turkish Cypriot workers to not to pay their contributions but the authorities of the RoC would “work to ensure that Turkish Cypriots have equal rights with the Turkish Cypriots” (ibid).

Some improvement on this issue seems to have been made in the post-EU accession term. Indeed, during the following five years, the level of Turkish Cypriot membership of trade unions, which were part of the PEO, increased to 2,500 (Interview no.47). However, it was identified in 2008 and 2009 that 22% of Turkish Cypriot workers were still non-registered (UNDP 2011: 11). Although this represents a concrete improvement on the issue when compared to the higher figures from the pre-EU accession term, the evidence indicates that the problem continued, even if at lower levels. In 2015, two interviewed Turkish Cypriots, who had been working as registered construction workers in the south between 2003 and 2015, emphasised that they preferred to work in the south because of better working conditions (such as fewer hours, and more pay) and better treatment by their employers in comparison to the north (Interview no.19, no.20). Nevertheless, the issue of equal treatment has been relatively invisible as of 2012 because the number of Turkish Cypriot workers in the south dropped dramatically following the impact of the economic crisis on the construction sector, in which Turkish Cypriots were predominantly employed (Interview no.47, no.44; also see section 6.4). According to an interviewee from the PEO, equal treatment for Turkish Cypriots in the south has continued to be a persisting problem in 2016 (Interview no.47).

Secondly, it is evident that the movement of Turkish Cypriot labour to the south is limited by job type and gender. Specifically, they have been mostly male workers in the construction sector, while exceptionally some female workers have been also employed in the manufacturing and service industries (UNDP 2011: 13, Yeni Düzen 2003f). On the other hand,
the anecdotal evidence suggests that high-skilled jobs have been a rarity. Demand is perhaps low or a demand did not emerge due to various challenges to such employment. Nonetheless, an interviewee reported the prevalence of implicit challenges such as registering in chambers as well as the recognition of Turkish Cypriots’ professional qualifications, residence, and language:

My daughter is a civil engineer; graduated from the University of Manchester. When she applied to the technical chamber in the south to set up a construction company there, we have experienced many unexpected difficulties. Despite trying for years and years, she has not been able to register. In some ways, they keep the application awaiting. They attempted to question the diploma of the University of Manchester. This is an ‘untold’ barrier but it is politics. Additionally, to be able to do business in the south, you need to reside there. We thought of buying a building in the south, but even for that you need to reside in the south. Also, language is a very big problem for professions relying on speaking. Although Turkish is also an official language of the RoC, most of the laws in the south are all in Greek only [...] Similarly, a nurse or a teacher cannot just go and professionally work in the south (Interview no.44).

These challenges are explicit examples of how the omission of the GLR to address the movement of labour left such movement dramatically open to mediation by the domestic factor of governance. As an outcome, the movement of labour remained fundamentally low being limited to low-skilled jobs, males, and was sensitive to economic developments.

Regarding the movement of consumers, a governance-related issue had formerly been the confiscation of goods purchased in the north by the Greek Cypriot police. This practice started as a precautionary measure to reduce Greek Cypriot spending in the north during the pre-EU accession period, which initially applied to all products purchased north of the Green Line (Hürriyet 2003c, Kirbaki 2003a, Milliyet 2003b, NTV 2003). Following the implementation of GLR in the post-accession period, which has allowed consumers to buy products up to €260, confiscation has only been applied to products exceeding this maximum amount and counterfeit products. Complaints were sent to the European Commission by a number of EU-citizens in 2007 regarding ‘intrusive checks’ and the confiscation of personal documents and goods at the crossing points (European Commission 2007b: 3). However, according to the EC:
The Customs Code of the RoC allows customs officials to, inter alia, search persons, detain or seize goods and arrest without a judicial warrant any person whom the customs officer finds committing, or attempting to commit, any offence provided by the customs or other legislation punishable with imprisonment including the case of suspicion of illegal purchase or use of Greek Cypriot property in the northern part of Cyprus (European Commission 2007b: 3).

According to the president of the Association of Turkish Cypriot Travel Agencies (KTSAB), Orhan Tolun, and president of the Association of Turkish Cypriot Tour Guides, Ibrahim Altuner; this policy is not applied consistently, which discourages people from spending money in the north, and hence limits the movement of consumers (Interview no. 40, no.42).

The north Cyprus has also attempted to indirectly ‘control’ the movement of consumers with economic considerations to prevent shrinkage to the economy of the north. In a state-sponsored research project, the causes of movement of Turkish Cypriot consumers to the south have been investigated (see section 6.4; DAÜ and LAÜ 2013). Furthermore, counter-policy solutions were developed for the TRNC to apply for coping with what has been characterised as a ‘trade shift’ from north to south, such as supporting the opening of malls in the big cities in the north (ibid). The TRNC has partially applied some of these policies (Interview no.1).

This section studied how the role of governance plays a role itself in mediating the EU effect on movement of persons in Cyprus. It has been highlighted that governance-related obstacles to the movement of labour and consumers mediated and negated the EU effect on movement of persons. The next section will deal with hypotheses of this thesis and provide concluding remarks.

6.6. Conclusion

This chapter investigated the EU effect on the movement of persons in Cyprus by looking at the movement of labour, consumers and to a lesser extent tourist and third country nationals across the Green Line. This focus forms part of this thesis’ research question that is:
To what extent did the EU’s liberal peace project facilitate the movement of persons between the north and the south and contribute to the development of economic (and social) cooperation in Cyprus?

It was found that the movement of persons does occur at considerable, if not very high, levels across the Green Line and the economic activity occurring within this context (movement of consumers) is several times higher than the value of movement of goods (see chapter 4). Nevertheless, the initial ‘excitement’ and high levels of cross-border activity eventually turned into ‘routine crossings’, which are largely touristic and consumer related. In some ways, based on the liberal peace logic, the contribution of the movement of persons to the Turkish Cypriot economy can be perceived as facilitation of the reunification of the island. However, to a larger extent, the movement of persons presents a major set-back to the EU’s liberal peace project on the island because it did not help to (re)integrate the two communities and failed to lead to a political dynamism to facilitate reunification. Although the movement of persons is a significant and visible part of daily life in Cyprus, the two communities still live fundamentally separate lives. This result resembles the characteristic of living ‘side-by-side’ but not ‘mixed’ from the early 1970s, during which the Greek Cypriot and Turkish Cypriot communities were separate from each other in almost every aspect of life.

A major factor that has contributed to this result is related to how well the GLR has been designed in this field. There are at least three design shortcomings. Firstly, the GLR does not include provisions to bypass the political and legal complexities stemming from the politics of division. This resulted in a large proportion of the population in the north not being able to cross the Green Line. Secondly, the approach of the GLR to the movement of persons is very narrow and basic. It does not contain any provisions to address movement of labour across the divide and ensure equal treatment for Turkish Cypriots (and vice versa), or protect their social security rights. Thirdly, value restriction to the goods that can be carried with persons crossing the line is another obstacle to the development of a fertile ground for increased economic activity across the Green Line. Such a restriction is in fact contrary to the logic of the EU’s liberal peace project on the island, which links the expectation of reunification of the island to increased economic integration and cooperation across the Green Line in Cyprus. Although the GLR provides a workable basis for the movement of persons across the Green Line, this is narrow and basic. On this basis, hypothesis 1 of this thesis can be confirmed:
Hypothesis 1: The EU’s liberal peace project, as reflected in the design of the GLR, was not adequate in promoting economic cooperation between the two communities in Cyprus.

Lacking an adequate design, the movement of persons has been dramatically mediated by domestic factors in both communities (the role of legal framework, ethno-politics in political elites, ethno-politics in civil society, governance). Political elites in both the RoC and the TRNC took measures to ensure that the movement of persons remains within the boundaries of their political wrangling for legitimacy. Similarly, despite some level of cooperation among the civil society across the divide, ethno-politically motivated psychological barriers in the civil society of the south have been at play to prevent movement of persons and consumers. Therefore, the second hypothesis of this thesis can also be confirmed:

Hypothesis 2. The EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

Within this context, the three mechanisms of Europeanisation; institutional compliance, change of domestic opportunity structures, and cognitive change have not been substantially curtailed as drivers of the Europeanisation process. Firstly, institutional compliance has been minimal. Regarding the TRNC, this is because the largest tool for Europeanisation, the EU’s *acquis communautaire*, has been in suspension. Consequently, there was no compulsion to meet the institutional requirements of the EU’s area of justice and security with regard to the free movement of persons. Instead, the north governed these areas at a minimal level through its own policies. Regarding the RoC, implementation of the GLR lies with the RoC, and there is therefore an indication of Europeanisation. However, it should be acknowledged that the approach of the GLR to the movement of persons is very basic and largely disregards the movement of labour. The EU effect on the movement of persons could as a result be much stronger on the island, had the EU’s approach to movement of persons in the GLR been more substantial. Therefore, institutional compliance has made a minimal effect as a direct mechanism of Europeanisation on the movement of persons in Cyprus.

Secondly, regarding domestic opportunity structures, the EU effect did not produce a reshuffling effect; but rather the domestic players adapted their actions and policies to the new ‘battleground’ of movement of persons. The TRNC’s decision to open the Green Line
checkpoints in the pre-accession period, along with the latter actions and policies of the TRNC and RoC regarding the movement of persons, has been deeply influenced by the EU accession process. Indeed, the TRNC changed its ingrained policy of the last 30 years and opened the Green Line checkpoints to demonstrate that the RoC does not exercise control over the affairs of the north. Additionally, it has gradually relaxed the terms of these crossings. As none of these developments were made ‘obligatory’ for the TRNC, it can be said that these steps signal an indirect, ‘voluntary’, Europeanisation. Correspondingly, the package of ‘measures for Turkish Cypriots’ by the RoC was not made as a part of the EU accession process, but instead stemmed by the ‘need’ of the RoC government to prove to the EU that it is the legitimate government of the Turkish Cypriots too.

Nevertheless, it is crucial to acknowledge that although both sides took measures to accommodate the movement of persons, none of these have constituted a significant departure from the political wrangling for legitimacy. While the TRNC has been attempting to ‘strengthen’ the Green Line border, the RoC has been seeking to bypass the TRNC’s institutions and enforce the legitimacy of its own institutions over Turkish Cypriot affairs. Therefore, the movement of persons has not developed into a fertile ground for social and political rapprochement of the two communities. Similarly, regarding the civil society, although some organic links between the civil society organisations across the Green Line have been formed, this has been balanced by entrenching of ethno-politically and economically motivated psychological barriers against the movement of persons and re-emergence of the extreme right among the Greek Cypriot community.

Thirdly, limited cooperation in the movement of persons between the two communities does not signal a cognitive shift from deeply-rooted nationalist attitudes. It was highlighted earlier in this thesis (chapter 3) that greater economic cooperation and development of the Turkish Cypriot economy are prerequisites in the EU’s liberal peace project on the island. This is also a part of the liberal peace logic, in that development of the Turkish Cypriot economy is necessary to increase the links of interdependence and economic integration between the north and south. However, these objectives have not been internalised by either the Greek Cypriot political elites or the Turkish Cypriot ones as a pathway towards reunification and a solution to the Cyprus problem. This is very obvious in that the two sides attempt to keep the movement of persons under ‘control’ through various ways, which is a major barrier to
cooperation and the Europeanisation process. Furthermore, the crossing of Greek Cypriots into the north for ‘entertainment’ has been seen as something ‘wrong’ by the RoC. This is because of the political belief among Greek Cypriot political elites that economic development of the north will diminish the chances for reunification of the island. Similarly, the TRNC attempted, not so successfully, to cope with the Turkish Cypriot tendency to shop in the south by criticising this behaviour and formulating policies to keep the consumers within the north. Based on the discussion on three mechanisms of Europeanisation, the third hypothesis of this thesis can be confirmed that, although Europeanisation is a significant tool in transforming various aspects of political and social life in candidate countries,

**Hypothesis 3.** *The effects of enlargement-driven Europeanisation are severely constrained by ethno-political conflicts.*

This particular cognitive aspect is very relevant for liberal peace, which helps one to better understand how challenging the context of ethno-political conflicts are in pursuing liberal peace strategies. Particularly, the case of movement of persons in Cyprus presents to the liberal peace literature a case, which while economic cooperation had potential to play a pivotal role in fostering peace on the island, it has been rather restricted by the very ‘vehicle’ that was supposed to drive the Europeanisation process: the GLR (in conjunction with factors stemming from the domestic level). It shows that potential for economic cooperation cannot always ‘find its way’ around political problems and facilitate the solution of ethno-political conflicts. In fact, although economic activity by movement of persons is several times higher than the value of movement of goods, this activity has not turned into significant advances in social integration between the two communities or political dynamism for reunification of the island. Therefore, the fourth hypothesis of this thesis can be confirmed:

**Hypothesis 4.** *Liberal peace overestimates the effects of increased economic interaction as a tool of conflict resolution.*

Overall, the movement of persons in Cyprus presents particularly important findings in assessing the EU effect in Cyprus and the extent to which the GLR has contributed to the EU’s liberal peace project on the island. Despite the initial excitement of the early rush to cross the Green Line, the movement of persons soon turned into routine touristic and consumer-related crossings. In such a context, whereby the GLR did not provide a comprehensive legal
basis for movement of persons, the area has been open to the mediation of factors stemming from the domestic level. Therefore, based on the case of movement of persons, the EU effect has been very limited and did not significantly contribute to the EU’s liberal peace project on the island.

The next chapter will provide concluding remarks for this thesis with an overall assessment in regard to the EU effect in Cyprus, and the extent to which the GLR has facilitated cooperation in the areas of movement of goods, services, and persons. It will additionally comment on the comparative value of the case of Cyprus for the scholarly literature on Europeanisation and liberal peace as a joint approach to resolution of the ethno-political conflicts.
CHAPTER 7. CONCLUSION

7.1. Introduction

This thesis investigated the extent to which the EU has been able to promote Europeanisation for pursuing liberal peace in Cyprus. The first chapter briefly introduced the historical context for the study of the EU effect on the three economic activities in Cyprus, the focus and timeframe of this research, its scope and methodology utilised for the analysis. Chapter 2 reviewed the literatures on Europeanisation and liberal peace paying specific attention to how Europeanisation can be used as a tool for conflict resolution. In that chapter, the Cyprus case was positioned within the discussion of Europeanisation and Liberal Peace on which the conceptual framework of the thesis is premised and a set of working hypotheses were introduced for studying the EU effect with a perspective of liberal peace on three empirical domains: movement of goods, movement of services, and movement of persons across the Green Line in Cyprus. Chapter 3 shed light on the historical development of the Cyprus problem and EU vocation of Cyprus as a divided country, which established the context for the three empirical chapters that followed. Chapter 4 investigated the EU effect on the movement of goods in Cyprus. Chapter 5 discussed the EU effect on the movement of services in Cyprus and Chapter 6 as the final case study examined the EU effect on movement of persons in Cyprus.
This concluding chapter aims to revisit the key empirical findings of this thesis, reflect on the conceptual findings, return to the hypotheses, and comment on the avenues for future research. The following section (7.2) focuses on the empirical aspects of this thesis. It revisits the overall research question, empirical findings, and returns to the empirical hypotheses. The third section (7.3) revisits the conceptual findings and the conceptual hypotheses. Here, all three empirical domains (movement of goods, services, persons) are discussed in comparative perspective and the discussion is structured on the three mechanisms on Europeanisation (institutional compliance, change of domestic opportunity structures, cognitive change) and their interplay with the intervening variables in the Cyprus case. This helps to obtain an overall image of the Europeanisation in Cyprus from a perspective of liberal peace. The fourth section (7.4) comments on the contribution of this thesis to the academic literature in empirical and conceptual terms. The final section (7.5) provides concluding remarks on the future of the EU effect on the economic activity across the Green Line and liberal peace in Cyprus and outlines potential future research avenues.

7.2. Revisiting the Empirical Findings

This section focuses on the empirical aspects of this thesis. It will revisit the overall research question in order to demonstrate the key empirical findings and will return to the two empirical hypotheses of this thesis.

As set out in the introductory chapter, this thesis sought to discuss the EU effect on three aspects of economic activity (movement of goods, services, persons) across the Green Line in Cyprus. The specific attention was on the EU’s Green Line Regulation, which aims to enable and facilitate these activities. This Europeanisation pressure on the two communities has formed significant part of the EU’s liberal peace project in the aftermath of the EU accession. In that vein, this thesis’ overall research question has been:

- To what extent did the EU’s Green Line Regulation contribute to the development of economic cooperation in Cyprus?
This research question guided the investigations on the research on the three empirical domains as aforementioned. Additionally, as formulated in Chapter 2, four working hypotheses were set, which two of them were empirical and two were conceptual. Each of those hypotheses were tested in each of the empirical domains.

Guided by the research, it has been found that the economic activity across the Green Line has overall remained very low. Regarding the movement of goods, the level of total economic activity between the Turkish Cypriot and Greek Cypriot communities between 2004 and 2016 has been at an average of approximately €5.1 million. While €4.1 million of this amount occurred from north to the south, under the GLR; the same activity occurred at an average of €1 million in the opposite direction, under the TRNC’s regulation (see figure 2), which are very low figures and largely insignificant regarding the EU’s liberal peace project on the island. The movement of goods from the north to the south peaked at €7.1 million (€8.5 million in total with the movement in the opposite direction) in 2008. Relatively, this amount was ‘meaningful’ from the aspect of development of interdependence between the two sides because it formed 12% of the annual €50 million total of exports of the north Cyprus during that year. However, generally this activity occurred at a much lesser extent as aforementioned.

Regarding the movement of services (chapter 5), the economic activity is the lowest among the three economic activities investigated in this thesis. The investigation focused on four key areas of the service sector: utilities, transport, tourism, and small-scale services. It was found that majority of the services (utilities, transport, tourism) cannot be traded across the Green Line at all, therefore does not result in economic activity. Although some level of activity occurs regarding the small-scale services, which is based on the crossing of individuals across the Green Line to provide a service, this also occurs only at insignificant levels. Therefore, the movement of services has been rather a ‘dormant’ area regarding the EU’s liberal peace project in Cyprus.

Regarding the movement of persons (chapter 6), it was found that although the number of crossings were relatively high in the early years of the crossings, the ‘initial excitement’ (2.2 million for Turkish Cypriots and 1.2 million for Greek Cypriots between 2004 and 2005) turned into touristic and consumer related ‘routine crossings’. The number of crossings across the
Green Line between 2011 and 2016 has been stabilised to a total of approximately 2.1 million. While 964 thousand of these crossings were effected by Turkish Cypriots, 560 thousand were effected by Greek Cypriots and 548 thousand by others (other EU and third country nationals). Among these numbers, movement of labour, which formed a sub-empirical domain of the movement of persons, reached high levels between 2004 and 2009. However, after the economic crisis in the Greek Cypriot economy as of 2011, this number dropped to insignificant levels and remained as such (488 in 2012). On the other hand, the movement of consumers accounted for the biggest amount of economic activity among all of the areas investigated in this thesis and occurred several times higher than the movement of goods. For example, the movement of consumers accounted for an economic value of €226 million in 2009, while the movement of goods only accounted for €7 million (UNDP 2011: 10, see section 5).

Each empirical chapter of this thesis attempted to make an initial assessment regarding the potential for the development of the concerned economic activity prior to the main analysis. However, there occurred a significant variation between the expectations and the outcomes. Regarding the movement of goods, it was acknowledged that the two economies of the island were not production based but service based economies (see section 4.2, see also 5.2). Therefore, it was acknowledged that there could be a certain limitation to the development of movement of goods across the Green Line. However, the low level of activity in these areas has been beyond the mere limitations of low level of production. On the other hand, as the two Cypriot economies are service based, this was regarded as a fertile ground for economic activity in the area of movement of services, therefore for the EU’s liberal peace project. However, the results were strikingly different, which majority of the services looked at cannot be traded at all. Regarding the movement of persons, it was argued that the two Cypriot communities on the island have been separated in almost every aspect of life before the de facto division of the island (see section 6.2). Therefore, the movement of persons was not inheriting a promising historical background for development of economic and social activity across the Green Line. While the evidence towards ‘social and political integration’ of the two communities was absent as expected, the movement of consumers led to a significant level of economic activity.

It has been argued that these differences were due to mediation of the EU effect in two dimensions: the design shortcomings of the GLR, which was expected to act as the ‘vehicle’
of Europeanisation and drive the process a towards the liberal peace objectives; and the factors at the domestic level, which varied in their nature (role of the legal framework, ethno-politics in political elites, ethno-politics) but mainly stemmed from the politics of division. In that regard, the first hypothesis of this thesis specifically concerned with how the design of the GLR have mediated the EU effect on the economic activity across the divide in Cyprus:

**Hypothesis 1:** The EU’s liberal peace project, as reflected in the design of the GLR, was not adequate in promoting economic cooperation between the two communities in Cyprus.

Each of the three empirical chapters in this thesis identified ways which the GLR failed to fulfil its purpose for providing a legal basis and facilitate economic activity across the divide. Firstly, the scope of the GLR is limited. In regard to the movement of goods, Turkish Cypriots are only permitted to sell products that originate in north Cyprus (wholly obtained or processed). Imported materials can only be used if they are contributing production of a domestic product, therefore should be heavily processed. Furthermore, trade of all kinds of animals and animal products are also prohibited. These restrictions inherently limited the extent to which the movement of goods could develop. On the other hand, the TRNC applied a principle of ‘reciprocity’, which ‘mirrored’ the conditions of the GLR. Therefore, the same restrictions limited the movement of goods from the south to the north. Regarding the movement of persons, this limitation is also evident in the form of restriction to the total value of goods, which can be carried by persons when returning to their side. This is an explicit restriction to the economic activity occurring by the movement of consumers. When it is considered that the EU’s liberal peace project aimed to facilitate reunification of the island by linking that outcome to increased economic activity across the Green Line, it should be acknowledged that these limitations in the nature of the GLR served as limits to economic activity rather than a basis for development of such cooperation. Therefore, they can be seen as design shortcomings of the GLR.

Secondly, the GLR did not adequately address some aspects of economic activity. Specifically, while it took a detailed and extensive approach in determining the rules and conditions of the
movement of goods, the movement of services and the movement of labour (both parts of the movement of persons) remained very narrow and basic. There is only one paragraph on the movement of services and it is exclusively concerned with the issue of taxation. There are no stated definitions in relation to what constitutes the movement of services or any clarifications on what services under what circumstances can or cannot cross the Green Line. Likewise, the GLR does not contain any provisions to regulate or facilitate movement of labour across the divide, especially for ensuring equal treatment for Turkish Cypriot workers in the south with the Greek Cypriot workers. Therefore, although the GLR provides a basis for the movement of persons and to a lesser extent the movement of services, both aspects are very narrow and basic in the design of the GLR.

Thirdly, the biggest shortcoming of all has been omission of the GLR to provide a mechanism to bypass the legal and political complexities stemming from the politics of division. As it will be argued regarding the second hypothesis of this thesis, this shortcoming left the EU effect on the island dramatically open to mediation of the factors at the domestic level, which they kept the economic activity across the Green Line at a minimal level. Although the GLR’s fundamental purpose has been to provide a workable legal framework to facilitate the movement of goods, services, and persons across the Green Line within the existing context of the division, it failed to adequately fulfil its purpose. While it was prepared by the EU as the very ‘vehicle’ to drive the Europeanisation process forward towards the liberal peace objectives, has mediated and negated the EU effect itself due to the shortcomings in its design. On the basis of these findings, hypothesis 1 was confirmed.

The second hypothesis of this thesis concerned with how the EU effect on the economic cooperation across the Green Line has been mediated by the politics of division in the domestic setting. It asserted that:

**Hypothesis 2.** The EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

As it has been demonstrated in the previous discussion, the design shortcomings of the GLR left the EU effect on the three economic activities on the island dramatically open to mediation of the factors at the domestic level. These factors were investigated from four
aspects for a systematic and deeper analysis: Roles of the legal framework, ethno-politics in political elites, ethno-politics in civil society, and governance. However, it was found that although these factors vary in their nature, they overwhelmingly stem from the politics of division. The following discussion attempts to revisit each of these factors and demonstrate the relationship between those factors and the politics of division.

- The role of ethno-politics in political elites

The role of ethno-politics in political elites has been a major problem regarding the economic activity across the Green Line. It has been identified in each of the empirical chapters that how this factor has mediated the EU effect on economic activity over the Green Line can be characterised by a ‘political wrangling for legitimacy’ between the RoC and the TRNC. Specifically, the former aims to ‘safeguard’ its internationally recognised position as the legitimate government of the whole island. On the other hand, the latter, which remains as an internationally non-recognised and isolated state, attempts to gain greater international legitimacy and recognition. While this characteristic of political wrangling formed what has been called as the politics of division, it has guided attitude of the Greek Cypriot and Turkish Cypriot political elites’ attitude regarding the economic activity over the Green Line. More specifically, both the Greek Cypriot and the Turkish Cypriot political elites have been ‘careful’ to avoid any practices, which would erode their ‘control’ in the areas they claim legitimacy on (the RoC over the whole island, the TRNC over the north Cyprus).

Firstly, the RoC deemed all institutions and authorities in the context of the TRNC ‘illegal’. The contrary, for the Greek Cypriot political elites, would lead to ‘upgrading’ of the status of the ‘illegal state’ (the TRNC) in the north by granting it and its institutions some form of legitimacy, also referred as ‘recognition by implication’ (see Kyris 2015). It should be highlighted that this led to other complications and obstacles to economic cooperation in the form of legal and governance related obstacles and also fed into the ethno-politics among the Greek Cypriot civil society, as will be discussed under the following sub-titles in this section. For example, as the telecommunications authority in the north is seen illegal, the authorities across the divide have not been able to sign agreements (or make other arrangements) to make island wide telephone calls possible.
Secondly, based on the same political considerations, the Greek Cypriot political elites think that economic development of the north Cyprus will make the division of the island ‘permanent’. According to this logic, if the north Cyprus economically develops, Turkish Cypriots will not ‘need’ to reunify the island but instead will prefer to live ‘separate’ in their ‘own’ state. Especially, the Greek Cypriot political elites attempted to ‘discourage’ movement of Greek Cypriot consumers to the north (see chapter 6). Such a political thinking prevented development of a fertile ground for the GLR to act as a mechanism towards the EU’s liberal peace project on the island.

Thirdly, the Turkish Cypriot political elites have not been very strict regarding the movement of goods within the island, tough they never encouraged it. This is mainly because such activity was done as ‘imports’ and ‘exports’, which the TRNC adopted a legal basis for and it did not challenge the ‘authority’ of the TRNC over the north Cyprus. On the other hand, the TRNC has been very strict against Turkish Cypriots using the ports in the south for trading with the EU and third countries via the ports in the south with the political consideration that such practice would dilute the argument that the ports in the north should be opened for direct trade with the EU. Therefore, the Turkish Cypriot political elites did not give permissions for such trade and applied great pressure on those who attempted to do so. Similarly, the TRNC has been careful to keep the movement of persons within the ‘control’ of the TRNC authorities and attempted to ‘put a break’ to the movement of Turkish Cypriot consumers to the south with similar considerations.

Within this context, while the EU’s liberal peace project in Cyprus has aimed to foster economic interdependence and integration across the divide, the role of ethno-politics among the political elites has given the priority to ‘safeguard’ their ‘control’ over the areas they claim legitimacy over (the RoC, the whole Cyprus; the TRNC, north Cyprus) and suppressed the economic activity in many ways as afore-explained.

- **Role of The Legal Framework**

Within the context the politics of division, as elaborated in the previous discussion, the RoC deems all institutions and the authorities within the context of the TRNC as ‘illegal’. This
characteristic gave birth to various complications, which the role of legal framework emerged as a major obstacle to the economic activity across the Green Line and negated the EU effect. Regarding the movement of goods, the Turkish Cypriot companies established in the north are also not recognised in the south. As a result of this complication, they cannot be represented in the Greek Cypriot courts as companies in the case of commercial dispute. While this is a bigger obstacle for the movement of goods, it is also relevant for the movement of services, which in both cases companies are the main parties involving in the economic activity. Additionally, this means Turkish Cypriot companies cannot use the ports in the south straight away and trade with other EU member states but involvement of a company registered in the south is needed. Although the TRNC does not give permits for this kind of trade as of late 2000’s, this issue has been a challenge and will remain as such, in the case that the TRNC changes its policy on this issue.

Furthermore, due to the ongoing territorial and political contestation, a coherent approach to the movement of goods from the north to the south and vice versa is not applicable. As a result of the politics of division, while the RoC treats the movement of goods as an economic activity within the country, the TRNC treats it as external trade. This difference results in a significant disadvantage regarding the movement of Greek Cypriot products to the north by causing what is called as ‘double-taxation’ (VAT) of the Greek Cypriot products. Specifically, the Greek Cypriot products are once taxed in the south for intra-island consumption, and a second time in the north as imports.

Regarding the movement of services, it has been demonstrated there is a ‘legal uncertainty’ on how services could be traded across the Green Line. For example, the professional driving licences and roadworthiness certificates for the commercial vehicles issued by the TRNC are not recognised in the south. As a result, Turkish Cypriot commercial vehicles are not admitted to the south. While this is a problem regarding the movement of services, it is also a major problem for the movement of goods regarding transportation of products across the Green Line. Likewise, as the telecommunications authority in the north is deemed ‘illegal’, the agreement to enable island wide telephone calls between the two sides’ telecommunications authorities could not be made. On the other hand, regarding the movement of tourism services, the use of hotels and properties, which belonged to Greek Cypriots before 1974, has
been deemed as ‘crime’ under an amendment to the Greek Cypriot Penal Code. Therefore, especially regarding the movement of services, the legal framework has been a much bigger obstacle, which kept the movement of services as a fundamentally ‘dormant’ area.

Regarding the movement of persons, the RoC deems the ports in the north as well as the residence permits and citizenships issued by the authorities of the north as illegal. Although the GLR protects EU citizens’ ‘free’ movement across the Green Line regardless their point of entry into the island, a significant proportion of the population in the north Cyprus cannot cross to the south. Specifically, TRNC citizens of Turkish or other origin and third country nationals residing in the north (students, immigrants, workers) are not allowed to enter into the south. This is a significant restriction to both the movement of consumers as well as labour from the north to the south, therefore to the overall economic activity across the Green Line.

This discussion indicates how the legal complications, which mediates and negates the EU effect on the economic activity across the divide are inherently linked to resilience of the politics of division.

Within this context, there has not been a ‘solid’ and ‘reliable’ legal basis for the economic activity across the Green Line. Regarding the movement of goods, business requirements were generally not met, which the companies across the Green Line have seen these activities associated with as a massive ‘burden’, which was ‘disproportionate’ to the benefits. Regarding the movement of services, majority of the services could not be traded. Similarly, regarding the movement of persons, a significant proportion of the population in the north was not able to cross to the south. Therefore, the obstacles related to the legal framework, which has been stemming from the politics of division, have negated the EU effect on the three aspects of economic activity across the Green Line.

- **The Role of Governance**

The role of governance has been another domestic factor, which negated the EU effect on the economic activity across the Green Line in Cyprus. This mediation has occurred in in three ways: incomplete and inconsistent implementation of the GLR by the Greek Cypriot
authorities, unequal treatment of Turkish Cypriot labour working in the south, and limitations to the institutional capacity of the north Cyprus to implement the EU’s production and quality standards.

Regarding the incomplete and inconsistent application of the GLR, as it has been indicated earlier (see 4.5.d), implementation responsibilities of the GLR rest with the RoC. Although processed food and food contact materials were given permission for trade under the GLR (regarding the movement of goods), the Greek Cypriot authorities prevented such trade on the argument that they could not monitor application of the relevant bodies of the EU acquis in the production process in the north (particularly health and hygiene considerations). Similarly, although there is no restriction to crossing of Turkish Cypriot commercial vehicles (regarding the movement of services) from the north to the south under the GLR, the Greek Cypriot authorities did not give permission to their crossing as well as their operation in the south. On the other hand, regarding the products, which their crossing was less problematic, their trade has not been always smooth. Specifically, the attitude of the Greek Cypriot authorities has been time to time inconsistent, which affected trade negatively.

The European Commission attempted several times to put mechanisms in place for resolving most of these obstacles. However, within twelve years of the implementation of the GLR between 2004 and 2016, none of these attempts have been successful. According to a senior EU official, the message from the RoC authorities has been that “the political conditions are not right” (Interview with an EU source). Additionally, in majority of the annual reports on implementation of the GLR, the European Commission stated that the RoC should follow a more ‘liberal’ approach on regarding these obstacles (European Commission 2006: 5, 2007: 7, 2011: 5, 2017: 6). Therefore, it can be seen that the obstacles for the economic cooperation stemming from the role of governance is also inherently related to the politics of division and the controversial issue of ‘legitimisation’ of the Turkish Cypriot institutions.

Additionally, it was identified that there have been several problems regarding the movement of labour. Such as difficulties for Turkish Cypriots in registering to the technical chambers in the south. Specifically, very slow process, problems regarding recognition of their qualifications. Similarly, equal treatment of Turkish Cypriot workers in the south with the Greek Cypriot workers has been a real challenge, which many has been working as non-
registered workers. Regarding the movement of services (and consumers), it has been identified in Chapter 5 that the Greek Cypriot authorities frequently prevent crossing of third country nationals to the south, if they arrived the island via a port in the south and they will stay in the north. This limited the extent to which Turkish Cypriot tourism sector could benefit the ports in the south, which offer better and cheaper flight connections. Although the movement of persons from the north to the south is not under the GLR, it indicated the behaviour of the Greek Cypriot authorities reconfirming the argument that the domestic obstacles to the economic activity across the Green Line is inherently linked to the politics of division.

There are also other examples, which the role of governance limited the economic activity across the Green Line. For example, limitations to the institutional incapacity of the north Cyprus to implement the EU’s production and quality standards regarding the animal and animal products in absence of substantial technical and financial support from the EU. However, as such trade is already prohibited under the GLR, this is a bigger challenge regarding a future improvement of the GLR rather than the existing obstacles to the economic activity across the divide. Similarly, there have been problems related to residence and language regarding the movement of labour from the north to the south. However, these problems, which occurred to a lesser extent, are not related with the resilience of the politics of division.

On the basis of the discussion in this section, it can be observed that governance as a domestic factor have mediated and negated the EU effect on the economic activity across the Green Line in significant ways. Most importantly, majority of the obstacles in this respect have been inherently limited to the broader politics of division.

- The Role of Ethno-Politics in Civil Society

The role of ethno-politics in civil society have been a ‘straight’ reflection of the politics of division among the civil society (organised as well as wider public). What has been characterised as psychological barriers have been a major obstacle to the economic activity across the Green Line. In more specific terms, a wide range of players within the Greek Cypriot civil society regarded economic cooperation between the two communities as ‘wrong’ and
‘inappropriate’ because it meant supporting the ‘enemy’ or contributing to economic development of the north, which would make the division of the island ‘permanent’. This ‘ethical consideration’ created a ‘reluctance’ among the Greek Cypriot community against Turkish Cypriot products. In the same vein, the church, and some of the organised civil society and companies have openly criticised the movement of Turkish Cypriot goods to the south and movement of Greek Cypriot (and other tourist) consumers to the north. It was identified that even if the Greek Cypriot businesses did not give credit to this kind of ‘ethical consideration’, the fear of criticism from the wider public as well as the government authorities, discouraged them from going into commercial relations with the Turkish Cypriot community.

While ethno-politics did not necessarily play such a prominent role among the Turkish Cypriot community against the economic cooperation, the consideration of competition occasionally led to mobilisation. For example, Turkish Cypriot truck drivers and dock workers in 2007 and 2008 demonstrated against Turkish Cypriots’ use of the ports in the south to trade with other EU members. Their consideration was that development of such trade would significantly harm several sectors in the north such as transportation and harbour traffic. This kind of mobilisation also occurred in the south, which Greek Cypriot truck drivers with their organisation protested against the attempts of the Greek Cypriot authorities to put in a mechanism, which would allow Turkish Cypriot commercial vehicles to cross and operate in the south, in 2004. This kind of mobilisation is not necessarily driven by ethno-politics but rather competition; however, it is certainly framed within the politics of division. Although these protests have not been too often, it is important to acknowledge that they have been successful in both sides of the divide. While the RoC authorities did not put in the mechanisms to allow Turkish Cypriot commercial vehicles into the south, the TRNC authorities stopped giving trade permits to Turkish Cypriots for using the ports in the south.

Within this context, it has not been possible for Turkish Cypriots to stock their products in the Greek Cypriot supermarkets and advertise their products and services in the Greek Cypriot media outlets. Additionally, some examples were identified which Greek Cypriots were threatened by some companies as well as nationalist extremist groups to not to do business with Turkish Cypriot companies (see section 5.5.c). Furthermore, a storage in the south, which was loaded with potatoes coming from the north, was burnt (see section 4.5.c). Therefore,
the role of ethno-politics among the civil society has limited the economic activity across the Green Line, hence negated the EU effect.

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As it has been indicated, in absence of a comprehensive design provided by the EU’s GLR, the domestic factors have been able to dramatically mediate and negate the EU effect on the three economic activities across the Green Line. Consequently, each of the empirical domains investigated in this thesis (movement of goods, services, persons) have presented set-backs to the EU’s liberal peace project on the island. It has been demonstrated that although these domestic factors varied in their nature, they have been inherently linked to the politics of division. Therefore, after testing of this resilience in each of the empirical chapters of this thesis, hypothesis 2 of this thesis has been confirmed that the EU’s liberal peace project in Cyprus has underestimated the resilience of the politics of division as an obstacle to closer economic cooperation between the two communities.

While this thesis criticised the EU’s GLR based on its design shortcomings and how it was open to mediation of the factors at the domestic level, it is also important to highlight the counterfactual. The GLR came during a time, which the conflict was already in its non-violent phase. Therefore, it cannot be argued that it made a contribution from a violence prevention perspective. Therefore, absence of the GLR would not make a significant change on that aspect. However, regarding the post-conflict perspective, the GLR provided a legal basis for the economic activity (movement of goods, services, and persons) across the de facto divide in Cyprus and protected the persons and economic operators involved in such activity. Therefore, to some extent, it is a positive step towards ‘normalisation’ of the economic cooperation as a ‘business-as-usual’ in the eyes of political elites and civil society rather than ‘traison’ to the ‘national cause’ of either communities. This has been a very significant step forward towards a workable basis for bi-communal relations in the post-conflict era, which also resulted in some, albeit limited, level of economic cooperation. If the GLR was not adopted, implemented, and monitored by the European Commission, it is very likely that any activity across the Green Line would be subject to a higher level of legal and political
complications as well as arbitrary behaviour of the Greek Cypriot and Turkish Cypriot authorities.

This section revisited the overall research question and empirical findings and also returned to the two empirical working hypotheses of this thesis. The next section will reflect on the conceptual aspects of this thesis.

7.3. Reflections on Europeanisation and Liberal Peace

The previous section revisited the empirical aspects of this thesis. This section reflects on the conceptual analysis and return to the conceptual hypotheses of this thesis and by that concludes the investigation of the EU effect on the economic activity across the Green Line in Cyprus.

The third hypothesis of this thesis concerned with the conceptual framework of Europeanisation. It posited that:

**Hypothesis 3.** *The effects of enlargement-driven Europeanisation are severely constrained by ethno-political conflicts.*

The conceptual framework of this thesis was established in Chapter 2. In that chapter, three mechanisms were identified, which the EU effect on the three aspects of economic activity (movement of goods, movement of services, and movement of persons) across the Green Line in Cyprus would be tested through: institutional compliance, change of domestic opportunity structures, and cognitive change. The following discussion revisits each of these mechanisms and contextualise how the unresolved ethno-political conflict in Cyprus have severely constrained the Europeanisation process; therefore, will confirm the third hypothesis of this thesis.
7.3.a. Institutional Compliance

Regarding the north Cyprus, institutional change has not been a powerful mechanism of the Europeanisation process primarily due to the *sui generis* EU membership of the island. Specifically, due to the ongoing Cyprus problem (territorial and political contestation between the north and the south), the Protocol 10 attached to the EU accession treaty (Act of Accession 2003) suspended application of the *acquis communautaire* of the EU in the north Cyprus (see chapter 2). In that vein, what is known as ‘positive integration’, which refers to ‘downloading’ the EU *acquis* to the domestic level (see Knill and Lehmkuhl 2002: 257-259), also did not materialise. Within the context of the conceptual focus of this thesis, this suspension meant exclusion of the north Cyprus from the customs and fiscal territory of the EU as well as the area of freedom, justice and security; therefore, suspension to the application of free movement on goods, services, persons, (and capital) in the north Cyprus. Instead the GLR has been adopted to apply ‘special rules’ to the Green Line to facilitate and regulate the movement of goods, services, and persons; which each of these areas formed the empirical focus of this thesis.

It should not be ignored that some interesting EU-induced changes occurred in the north Cyprus. Such as the north adopted a regulation enabling movement of goods from the south to the north by taking the EU’s GLR as the main reference and fundamentally ‘mirroring’ the conditions there. This can be characterised as an example of ideational Europeanisation in the north, where this EU-induced change took place without a requirement from the EU and indirectly extended its influence beyond the areas where EU law has been applied. Regarding the movement of services, the TCCoC issued letters for Turkish Cypriot companies, which accepted by the Turkish Cypriot authorities, to temporarily introduce their equipment to the south (and then back in the north) to provide as well as receive services in the south. Additionally, the north Cyprus made two consecutive amendments extending its tourism incentives regulation (for tourism agencies in the north) to include tourists being brought to the north Cyprus from the airports in the south (see 5.5.d). This can be also seen in regard to the cognitive change, which the north Cyprus, have seen the south as a channel for bringing more tourists into the ‘country’. While these EU-related institutional changes are interesting
to observe, it should be acknowledged that these changes are not necessarily the same with institutional compliance to the EU *acquis*.

A crucial aspect within this regard is the fact that although Cyprus has been part of the enlargement wave of the European Union in 2004, the ability of the EU to exert its influence on Cyprus regarding the economic activity across the Green Line has been inherently limited by the unsettled ethno-political conflict in the domestic level. In more specific terms, the EU’s influence has been limited to regulating the movement from the north to the south – from the areas, where EU law is not applied, to the areas, where it is applied. The movement in the opposite direction have been subject to the effective control of the north Cyprus, which the EU did not have powerful tools to enforce political or administrative changes. On the other hand, paradoxically, the EU’s influence has been also restricted by the RoC in the south, where the EU law is applied. In more specific terms, as identified earlier, there has been significant challenges regarding the incomplete and inconsistent application of the GLR by the Greek Cypriot authorities (see 7.2), whom the implementation obligations of the GLR rest with. Despite the attempts of the European Commission to intervene and solve these problems, none have been successful. Consequently, the unsettled ethno-political conflict has not only been a limitation to the mechanism of institutional compliance in the north Cyprus but also in the RoC too and negated the Europeanisation process.

7.3.b. Change of Domestic Opportunity Structures

It was demonstrated in Chapter 2 that changes in domestic opportunity structures is among the three mechanisms of Europeanisation. It was argued that the EU can affect and change the existing domestic opportunity structures. Following to the investigation of the EU effect through the three empirical domains of this thesis, it was found that no significant change occurred regarding the domestic opportunity structures. Therefore, this mechanism also has not been a powerful tool of Europeanisation.
Regarding the civil society and especially the economic operators, the EU did not make a ‘reshuffling effect’ to the existing resistance against economic cooperation across the Green Line. The group of economic operators involved in trade with the other community has remained too small. A small number of Turkish Cypriot and Greek Cypriot parties have emerged, who have been interested in utilising the existing framework and trading with each other. Similarly, some organic links between the civil society organisations across the Green Line have been formed. It should be also noted that the seminars and training prepared by the EU regarding the Green Line trade worked as a direct tool for Europeanisation has supported development of greater support for the economic activity across the Green Line. However, this group has been balanced out by those, who resisted the Europeanisation process.

For example, stemming from the psychological barriers to the economic cooperation, the Greek Cypriot civil society held that economic cooperation with the Turkish Cypriot community is ‘wrong’ and ‘inappropriate’ because it would support the ‘enemy’ and make the division of the island ‘permanent’. Similarly, while the Greek Cypriot truck drivers mobilised against liberalisation of movement of Turkish Cypriot commercial vehicles on the island, the Turkish Cypriot truck drivers and dock workers mobilised against the use of the ports in the south by Turkish Cypriot businesses to trade with other EU countries and third countries. While such resistance has been associated by fears over economic competition and job losses in both sides, psychological barriers against trading with Turkish Cypriots has also played a role in the south (see 5.5.c). Therefore, changing of the domestic opportunity structures has not been operational. Especially, given that there has been a very low level of activity in each of the empirical domains in this thesis, the change of domestic opportunity structures has been only exceptional.

7.3.c. Cognitive Change

The third and last mechanism of the Europeanisation process is cognitive change. This is perhaps the least impactful one among the three mechanisms of Europeanisation on the economic activity across the Green Line in Cyprus. It has been highlighted earlier in this thesis
(chapter 3) that the EU’s liberal peace project regarded increased economic activity across the Green Line and development of the Turkish Cypriot economy as prerequisites to advancement of liberal peace objectives on the island. These factors were expected to increase economic interdependence and integration, hence facilitate reunification of the island. Yet, these objectives have not been internalised on either side of the divide.

Regarding the political elites, the EU effect did not lead to an effect of cognitive change on how the two sides perceive economic cooperation but instead reproduced the existing political wrangling for legitimacy between the RoC and the TRNC on all three empirical domains of this thesis (see 7.2, ‘the role of ethno-politics in political elites’ for the ‘political wrangling’). Especially, the movement of persons has been new a ‘battleground’, which this wrangling dominated the Europeanisation process. To some extent the decision to open the Green Line and allow the movement of persons, which came as a result of the EU vocation of the island (the south), have presented a significant policy change regarding the Turkish Cypriot political elites and signalled a case of ideational Europeanisation, which occurred without a requirement by the EU. However, in the bigger picture, the TRNC aimed to gain recognition to its existence in daily life by opening the Green Line and effectively ‘controlling’ the movement of persons. Similarly, the RoC deemed this decision as well as every other decision and authority within the context of the TRNC as ‘illegal’. In the same vein, this wrangling have also effectively made the movement of services a ‘dead’ area within the EU’s liberal peace project on the island as the RoC did not establish the legal basis for enabling economic activity between the service providers across the Green Line.

Furthermore, there has been willingness from the north Cyprus (political elites and civil society) to ensure full implementation of the GLR as well as for cooperating with the European Commission in order to lift all of the prohibitions on movement of animals and animal products. However, it should not be ignored that while this willingness can be interpreted as a signal of Europeanisation, it does not challenge the position of the TRNC regarding the political wrangling. This is the most obvious, when acknowledged that the north Cyprus demands full implementation of the GLR but it does not permit Turkish Cypriots to use the ports in the south for doing preferential trade with the EU. In the same vein, the objectives and the logic of the liberal peace project have not been internalized by the Greek Cypriot political elites as a pathway towards reunification of the island. On the contrary, a different
thinking prevails in the south that if the north develops it will make reunification of the island less likely, mainly because a ‘self-sufficient’ north will not need or desire to reunite but will prefer to continue as a separate political entity (see 5.5.b). Therefore, those prerequisites are seen as something that should be prevented, which is a major barrier to the economic cooperation and the Europeanisation process.

Likewise, the Greek Cypriot civil society perceived the Green Line trade as something ‘wrong’ and ‘inappropriate’, supporting the economy of the ‘invasion regime’ in the north (the TRNC) and attempted to put social pressure on those who trade with Turkish Cypriots. Finally, it has been also demonstrated that the context of the movement of persons led to heightening of ethno-politics among the Greek Cypriot society, which developed into nationalist extremism. A nationalist group called ELAM, who called themselves Golden Dawn of Cyprus, organised violent demonstrations, which fed into the feelings of ‘insecurity’ and ‘mistrust’ between the Turkish Cypriot and Greek Cypriot community. This shows one of the ways how the EU effect led to galvanisation of resistance against Europeanisation rather than a cognitive change towards internalisation of the thinking that liberal peace objectives will facilitate reunification of the island.

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The preceding discussion have demonstrated how the unresolved ethno-political conflict in Cyprus has been a significant limit to the Europeanisation process, which none of the three mechanisms of Europeanisation has been sufficiently operational to drive the process forward towards advancement of the liberal peace objectives on the island. On that basis, the third hypothesis of this thesis was confirmed.

The fourth hypothesis concerned with liberal peace and posited that:

**Hypothesis 4.** Liberal peace overestimates the effects of increased economic interaction as a tool of conflict resolution.

The findings in this thesis presents interesting insights regarding liberal peace. Although liberal peace gives a high-level significance to economic interactions, it is difficult to argue that a strong economic interest has emerged among the economic operators across the Green
Line to trade with each other. As the preceding discussion have proclaimed, the economic activity across the Green Line has been crippled by both the design shortcomings of the GLR as well as mediation of the factors at the domestic level. However, neither there has emerged a clear economic interest among the economic operators across the Green Line to trade with each other. Paradoxically, although the movement of services held the biggest potential for economic activity across the Green Line due to the service based composition of the two Cypriot economies on the island and potential to champion liberal peace, it has rather been a stillborn child of it. Perhaps if interest occurred, the economic operators could pressure the governments north and south of the divide to follow a more liberal approach on movement of goods and solve the existing problems. However, this has not been the case.

In fact, as discussed earlier, the RoC and the TRNC has been involved in a political wrangling for legitimacy. This made the EU’s liberal peace project something to be implemented on the island not with the support of the political elites across the Green Line but despite them. Both the RoC and the TRNC wants to keep all kinds of interactions under their ‘control’, preventing development of ‘interdependence’, which is in fact a strong objective under the EU’s liberal peace project. The ‘ownership’ of the EU’s liberal peace project has not shifted to the domestic level (neither to the political elites nor the civil society) but remained on paper. Therefore, the Cyprus case shows that the potential for economic cooperation cannot always ‘find its way’ around political problems and facilitate the resolution of ethno-political conflicts. In the opposite, the role of ethno-politics has been so strong that it prevented development of such economic interest between the two communities.

Furthermore, the movement of persons in Cyprus presented to the liberal peace literature a case that although economic activity by movement of persons is several times higher than the value of movement of goods, this activity has not turned into significant advances in social integration between the two communities or political dynamism for reunification of the island. In fact, although the movement of persons is a significant and visible part of daily life in Cyprus, the two communities still live fundamentally separate lives. This result resembles the characteristic of living ‘side-by-side’ but not ‘mixed’ from the early 1970s, during which the Greek Cypriot and Turkish Cypriot communities were separate from each other in almost every aspect of life. This outcome poses a significant finding regarding liberal peace, which
suggests that the relationship between economic interactions and conflict resolution should be reconsidered.

This section concluded the investigation of the EU effect on the economic activity across the Green Line in Cyprus after revisiting the conceptual findings and the conceptual hypotheses of this thesis. The next section will comment on the contribution of this thesis to the academic literature.

7.4. Contribution of the Thesis

The previous section reflected on the conceptual aspect of this thesis and returned to the conceptual working hypotheses. As it has been indicated in the introduction (chapter 1), this research aimed to provide an original research and contribute to the empirical literature regarding the politics of Cyprus as well as to the conceptual discussions on Europeanisation and liberal peace. In that regard, this section will comment on the contribution of this thesis, first on the empirical terms, and second on the conceptual terms.

7.4.a. Empirical Contribution of the Thesis

Although the Cyprus problem has drawn a significant level of academic interest and there is a huge body of literature on it focusing on the conflict resolution and the UN supported peace talks; the Green Line regulation and the EU effect on the economic interactions of the two communities on the island has been understudied. Especially, the relationship between the ongoing politics of division and the economic activity across the Green Line has been largely ignored. In that regard, this thesis aimed to provide this much-needed contribution to the existing scholarly knowledge on the contemporary politics of Cyprus by focusing on the time period of 2004 (date of implementation of the GLR) and 2016 and providing extensive empirical findings.
Firstly, this thesis extensively overviewed the design of the GLR and critically commented on its design shortcomings and the extent to which its limited scope can give birth to economic cooperation across the divide. In the following, it carefully analysed and identified the obstacles regarding the full and consistent implementation of the Green Line Regulation at the domestic level as well as other obstacles regarding the economic cooperation between the Greek Cypriot and Turkish Cypriot communities. The discussion on both of these aspects (the design of the GLR and the domestic factors) have been enriched with an extensive range of resources, which included academic literature, official documents, and a wide range of interviews. Such a collection of data helped to provide original insights regarding the GLR (design and implementation) and economic cooperation across the Green Line in Cyprus.

Secondly, although there is a wide body of literature on the politics of Cyprus, generally the focus in this area has remained restricted to the Track 1 diplomacy – the UN supported peace talks. However, this study provides an alternative perspective and concrete evidence to how the politics of division projects to the day to day live of Cypriots by setting the focus to the economic activity across the Green Line. Particularly, it presents explicit evidence to the resilience of the political wrangling for legitimacy between the RoC and the TRNC and the psychological barriers among the civil society, which both have suppressed economic cooperation.

Thirdly, within this focus, this thesis also complements the knowledge on how the EU engages with the Turkish Cypriot community within the existing context of the territorial and political contestation in Cyprus and suspension of the EU law in the north Cyprus. Although the empirical focus of this thesis has been restricted to Cyprus, it was also emphasised that the findings provides useful conceptual insights that are of potential comparative value to other cases such as enlargement driven Europeanisation in politically contested countries (i.e. as Bosnia and Serbia) or the cases, which increased economic interactions are used as tools for the ends of resolution of conflicts or partial normalisation of the relations between the conflicted parties (such as Palestine).

This section commented on the empirical contribution of this thesis to the academic literature. The next section will reflect on the conceptual aspects of this thesis.
7.4.b. Sub-theoretical Innovation of this Thesis

The previous section shed light on the empirical findings of this thesis. This section comments on the contribution of this thesis to the conceptual discussions on Europeanisation and liberal peace and the useful conceptual insights that are of comparative value to other case-studies similar to Cyprus. Here, the focus is not necessarily limited to the three economic activities investigated in this thesis, but general remarks are provided on the limits of Europeanisation and liberal peace.

Although Europeanisation has been established as a ‘fashionable term’ and has been widely studied regarding the EU-induced changes in countries, which interacts with the EU (member states or candidates, including north Cyprus), the impact of Europeanisation in conflict resolution is understudied. This thesis provides a much-needed contribution by offering a sub-theoretical innovation of combining the two literatures on Europeanisation and liberal peace. While Europeanisation has been regarded as a ‘process’ and a ‘vehicle’, liberal peace has been regarded as the ‘ultimate destination’ or a ‘target’, which the Europeanisation process would drive the island towards it. Such a conceptual framework, which combined the two literatures, enabled a clear focus and an analytical approach for systematically investigating the effects of enlargement-driven Europeanisation and liberal peace strategies within the context of unresolved ethno-political conflicts. Therefore, while the findings of this research contributes to the existing academic literatures on Europeanisation and liberal peace, it also offers a significant blueprint for other potentially similar cases. It should be also noted that although the empirical focus has been limited to a single case, Cyprus, which means that the findings of this thesis need to be reconfirmed through testing through other cases; it allowed a deeper analysis and drawing of insightful findings.

Additionally, the unique characteristics of Cyprus (divided country within the EU, one side recognised the other side isolated) and the design of the EU’s Green Line Regulation provided important insights for the Europeanisation literature regarding the EU’s ability to affect the domestic matters and to promote liberal peace objectives for facilitating conflict resolution, beyond what has been researched until now. Specifically, the unsuccessful attempts of the European Commission in intervening and resolving the obstacles to the economic activity across the Green Line revealed resilience of ethno-politics as a limit to Europeanisation. This
is also linked to the extent to which these strategies are internalised by the parties at the
domestic level and they are willing to cooperate. It is of the utmost importance that the
‘ownership’ of the project shifts from the ‘top’ to the domestic level. The contrary is bound
to result in ‘lack of successes, as it has been the case in Cyprus, and draw another clear limit
to Europeanisation and liberal peace in conflict resolution.

Last but not least, this thesis indicated that the design of the liberal peace project is much
related to the level of success as an outcome. If the project has been designed by taking the
politics of division (or conflict) well into account and is equipped by a mechanism to bypass
the legal and political complications stemming from the domestic level, the project has more
chances to produce the expected results. On the other hand, a weakly designed project will
give way to the mediation and interplay of various factors at the domestic level, effectively
‘crippling’ the chances of success.

This section shed light on the sub-theoretical innovation of this thesis and commented on its
contribution to the academic literature in conceptual terms. The next section will provide
concluding remarks and comment on potential avenues for further research.

7.4. Conclusion: Looking Ahead

The previous section commented on the contribution of this thesis to the academic literature
in empirical and conceptual terms. This section comments on the policy implications of the
GLR, potential future of the EU effect and liberal peace in Cyprus and outlines avenues for
further research and by that completes this thesis.

This thesis sought to employ a liberal peace perspective and examine the EU effect on three
aspects of economic activity across the Green Line in Cyprus between 2004 and 2016:
movement of goods, services, and persons. The focus has been primarily on the EU’s Green
Line Regulation, which regulates and aims to facilitate the movement in these areas within
the existing context of ongoing political and territorial contestation on the island. To some
extent, the EU effect on the island caused some level of economic activity across the Green
Line. However, each of the three empirical domains have presented a wide range of factors
at both the domestic level as well as regarding the design of the regulation itself, which severely mediated and negated the EU effect. Especially, the GLR has not been successful in overcoming the impact of politics of division on the concerned economic activity. Within these limitations, the level of economic activity across the Green Line punched extremely below its potential, absent from evidence for development of economic interdependence and integration across the Green Line. Therefore, the findings presented a significant set-back to the EU’s liberal peace project in Cyprus. However, it should be acknowledged that the Europeanisation process on the island can be much broader; such as on institutions, political parties, and civil society in general as well as Europeanisation regarding identity politics (such as see Kyris 2015). Therefore, there is the need for more research on various aspects to have a comprehensive understanding of Europeanisation in Cyprus.

The future of the EU effect in Cyprus from the perspective of liberal peace have several potential paths ahead. Firstly, in the scenario that the status quo continues (the GLR remains as it is, the Cyprus problem remains unresolved), the EU effect on the three economic activities is likely to remain very limited. Considering that there is a political wrangling for legitimacy between the authorities of the north and the south, and huge psychological barriers among people to refrain from the economic activity across the divide; the most likely scenario is that the level of economic activity will continue at low levels. Nevertheless, a set of policy recommendations can be made for fostering the economic activity across the divide, hence advancing the Europeanisation process and the EU’s liberal peace objectives on the island.

Firstly, as it has been identified in the thesis, the factors at the domestic level causes incomplete and inconsistent application of the GLR. Such as regarding the movement of goods, Turkish Cypriot commercial vehicles, processed food, and food contact materials cannot cross from the north to the south, albeit not restricted by the GLR. As indicated in the thesis, the EC has attempted to solve some of these problems but has not been successful. Therefore,

i) The EC should initiate a more impactful initiative for a more ‘liberal’ approach regarding the full and consistent implementation of the GLR. Especially, a mechanism
has to be developed in order to by-pass legal and political complications stemming from the politics of division (the issue of recognition/ non-recognition).

Secondly, the scope of the GLR has to be expanded in order to make the economic activities across the Green Line more attractive for the economic operators. This scope is currently limited to the wholly obtained products (such as vegetables) and processed products, though trading of the products under the latter category is very problematic (see the previous recommendation). On this basis,

ii) The GLR should be amended to enable trading of animal and animal products from the north to the south. For this, the EC should initiate the technical and financial support for the Turkish Cypriot community regarding the implementation of the relevant parts of the acquis communautaire.

In the same vein, the products imported into the north (even if from within the European Union Customs Union) are not allowed to be traded across the Green Line, unless they are heavily processed to obtain the status of domestic processed products. This is a major limitation to the range of products that can be traded under the GLR. Therefore,

iii) The GLR should be amended to allow the goods, which are imported by the north, to be traded under the GLR. If not possible, ‘lightly’ processed goods, which are based on imported materials, should be allowed to be traded. This could be coupled by the demand for an equal response from the Turkish Cypriot administration regarding the movement of goods from the south to the north.

Fourthly, a major challenge regarding the EU effect on the island has been the fact that the ownership of the EU’s liberal peace project remained at the EU level but did not shift to the domestic level between the timeframe investigated in this thesis. As a result, within the twelve years of implementation of the GLR, the two sides have only ‘tolerated’ some level of economic activity across the divide, rather than ‘encouraging’ it. Therefore, development of ‘ownership’ of the liberal peace objectives among the Greek Cypriot and the Turkish Cypriot leaderships is essential. On that basis,
iv) The Greek Cypriot and Turkish Cypriot leaders should make public (ideally joint) statements acknowledging that the GLR trade is in benefit of both sides and will facilitate reunification of their homeland.

Such change of attitude would encourage businesses and citizens across the divide for economic cooperation and help to ‘neutralise’ the ethno-politics in civil society and psychological barriers in the form of fear ‘from authorities’ and political bias against the products and services provided by the other community. On the other hand, it has to be acknowledged that this policy recommendation requires a ‘shift’ in the core political considerations of the two leaderships that greater level of economic activity across the divide and advancement of the Europeanisation process and liberal peace objectives on the island will be in the benefit of both the north and the south. The continuation of the territorial and political contestation, which frequently take the form of maximalist policy preferences for both sides, will continue to pose a major challenge for this recommendation to happen. On this point,

v) The EC and the UN should help to persuade the two leaders and cultivate the understanding that increased economic interactions and links are beneficial for both sides and will facilitate reunification of the island.

Even if only some of these recommendations would be implemented, the channels of Europeanisation would expand and result in a significantly greater level of economic activity across the divide. This also means the EU’s liberal peace project on the island would be more successful. Without doubt, such developments will require further scholarly attention to follow up advancement of the EU effect and liberal peace on the island on conceptual aspects and development of the economic cooperation in Cyprus in the empirical aspects. Can it be suggested that there is a positive or negative correlation between economic and political development of the north Cyprus and the chances for reunification of the island? Further research on this specific issue would greatly complement the empirical academic literature on the contemporary politics of Cyprus. Additionally, it can contribute to the conceptual literature by showing the significance of the clear definition of end results regarding promotion of liberal peace projects. As aforementioned, a potential cognitive change on these aspects in political elites (as well as the civil societies) across the Green Line and
internalisation of the idea that ‘grater economic interactions will facilitate reunification of the island’ will minimalize the resistance to the Europeanisation process at the domestic level and foster the economic cooperation across the divide.

A scenario, which will result in a great change regarding the EU effect on the island will be alteration of the current *status quo* regarding the decades old Cyprus problem. If the UN sponsored peace talks come to a successful completion and a bi-zonal, bi-communal federation is established, it can be expected that majority of the obstacles related to the economic cooperation will disappear. Such as in absence of a political wrangling between two ‘rival’ entities, the north will be part of the EU’s customs and fiscal union as well as the EU’s area of freedom and justice. Therefore, the GLR will be lifted and the EU’s freedom of movement, goods, persons, as well as capital (which is not a part of the GLR) will be implemented. This will unprecedentedly expand the channels and pressures of Europeanisation both regarding the three economic activities as well as the north Cyprus in general. Specifically, adoption and implementation of the EU *acquis*, availability of structural and cohesion funds as well as technical and financial support will foster what is called as ‘hard Europeanisation’. Furthermore, the solution will provide the desired atmosphere for socialisation of Turkish Cypriot community with the Greek Cypriot community and the EU environment and facilitate ‘ideational Europeanisation’, which will help to consolidate the new peace plan, therefore will feed into the objectives of liberal peace on the island.

Nevertheless, even in that scenario there are some likely challenges to remain. Particularly, reintegration of the two Cypriot communities and forging of strong connections (or interdependence) between the Turkish Cypriot and Greek Cypriot wing states within the federation. Especially, compared to the existing political landscape on the island, which each community runs its ‘own’ state, running a federation will be a challenging and complex job. Will the Greek Cypriot and Turkish Cypriot political elites manage to establish sufficient level of cooperation to run a federal state? This is a significant question, when considered that those elites have always been so ‘paranoid’ regarding the political implications of economic cooperation between the two sides. Additionally, it will be interesting to see the level of success regarding the reintegration of the two Cypriot communities after four decades long division. Will today’s psychological barriers stemming from the contested history of the island continue as a resistance force against the pressures of Europeanisation? Each of these
empirical as well as conceptual aspects will require further scholarly attention. Especially, the contested narratives of history of Cyprus and the psychological barriers to the economic activity between the two communities require more research to be better understood.

Although a revival to the peace talks is expected towards the mid-2018, when the parliamentary elections in the north and presidential elections in the south is past, it should not be ignored that the talks have started in 1968 and yet never came to a success. Considering this as well as the extent to which the politics of division have limited the EU’s liberal peace project on the island, there is a meaningful weight to the argument that the two sides in Cyprus have not really internalised the model of a bi-zonal, bi-communal federation, which has been the objective of the UN supported peace talks. Instead, both sides seem to be after a deal as close to their maximalist preferences as possible: in the case of the Greek Cypriot side, this means a unitary state for the whole Cyprus, where Turkish Cypriot community will be a protected minority. In the case of Turkish Cypriots, this means international recognition of the north Cyprus as a separate sovereign state. In a potential scenario of complete collapse of the peace talks, it will be interesting to see whether the existing domestic opportunity structures will be shaken or not. Will the EU and other international actors maintain their limited engagement with the Turkish Cypriot community? Will there be a greater involvement by the international community to disturb the existing status quo? Will the future hold more or less chances for resolution of the legal and political obstacles by settling of the political and territorial contestation? Perhaps the European Commission’s Direct Trade Regulation (between the north Cyprus and the EU) might come back to the EU’s agenda again.

It will be also interesting to follow how the UK’s potential departure from the EU, Brexit, will affect the political dynamics regarding the political and territorial contestation in Cyprus. Is it likely that Brexit will make a significant on these dynamics? In a post-Brexit era, the UK will take its competence back from the EU and follow its independent trade policy. Can it be expected that the UK ‘restores’ preferential trade with the north Cyprus? The UK has been the biggest trading partner for Turkish Cypriots until 1994. However, the ECJ’s infamous rulings in 1994 effectively ‘closed the doors’ of EU’s single market for the north Cyprus. Especially, the UK strongly advocated during the ECJ’s cases that the division of the island should not prevent all Cypriots benefitting from the trade preferences, which arises from
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Cyprus’ Association Agreement with the EU. Therefore, an initiative for restoring these historical relations in the post-Brexit era can be expected. Such a development would certainly create a ‘backdoor’, where the status quo in Cyprus would be ‘disturbed’. However, it remains to be seen, whether this would be a change towards a permanent division of the island or it would bring ‘fresh air’ into the equation and invite more reconciliatory thinking to resolve the Cyprus problem. While there are many ‘unknowns’ ahead, it can be expected that the EU’s role and the idea of liberal peace will continue to be relevant for Cyprus.
**APPENDIX 1. INDICATIVE STRUCTURE OF INTERVIEWS**

<table>
<thead>
<tr>
<th>Group of Interviewees</th>
<th>Sample Questions</th>
</tr>
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</table>
| **Political elites in Cyprus and in the EU**                | - What is your position within this institution?  
- What is your institution’s role with regards to the Green Line Regulation?  
- Is this institution in touch with any officials from the EU for the Green Line Regulation? (only for Cyprus interviews)  
- Do you think the Green Line Regulation was established only as a necessity to accommodate or also for political objectives to facilitate reunification of the island?  
- How do you evaluate the performance of the Green Line Regulation?  
- Why the movement of goods, services, persons have remained low?  
- What are the factors limiting the economic activity across the divide?  
- Does ethno-politics and Cyprus problem play a role?  
- Could the EU do better in following up the GLR to expand the scope of goods allowed to pass? |
| **Economic operators in Cyprus**                            | - Do you utilise the Green Line Regulation and trade across the divide?  
- Did the Green Line Regulation provide you a new market to trade with? Did it increase your production and overall works?  
- Does the Green Line Regulation provide a reliable framework for trade?  
- Do you encounter problems in doing trade under the GLR?  
- Could the EU do better in following up the GLR to expand the scope of goods allowed to pass? |
## APPENDIX 2. LIST OF INTERVIEWS

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<tr>
<th>Interview No.</th>
<th>Date</th>
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