

# *Reconciliation and Peace Economics in Cyprus*

*Summary of Findings (February 2012)*

## EuropeAid Cypriot Civil Society in Action II Programme

Stream C: Support to NGOs and international organisations promoting reconciliation projects including research leading to a better understanding of issues affecting trust between the two communities

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## I. Notes

### **Abbreviations:**

- GC - Greek Cypriot
- GCC - Greek Cypriot community; GCC surveys included a very small number of non-Cypriots able to respond to surveys in Greek.
- TC - Turkish Cypriot
- TCC - Turkish Cypriot community; TCC surveys included a minority of non-Cypriots able to respond to surveys in Turkish.
- TO - Turkish-origin residents in northern Cyprus often otherwise referred to as 'settlers' or immigrants.'

Although ethnic and national differentiation is important in Cyprus for a variety of reasons, the study did not exclude people who did not identify specifically as Cypriot, on the grounds that anyone who is ordinarily resident in Cyprus has a stake in the future of the island.

### **Terminology:**

The question of how to refer to the constituent entities of the island of Cyprus is a thorny one. The project team, through any terminological use or inference, does not take a stand on the future political dispensation for the island.

The Turkish Cypriot-administered north of the island is recognised as the Turkish Republic of Northern Cyprus (TRNC) only by Turkey, and its ports and airports are closed to international traffic. The only institutions in the north that are formally recognised are the Nicosia Turkish Municipality and the Turkish Cypriot Chamber of Commerce. The GC-dominated Republic of Cyprus is not recognised by Turkey, but is recognised internationally as the legitimate government of the island, and therefore enjoys all the consequent privileges under international law. Terminology revolves around the question of formally recognising institutions, something that the GCC and Republic of Cyprus resist *vis à vis* the north.

In this project we refer to the south of the island as the 'Republic of Cyprus' (RoC) or 'the south', and the north as 'northern Cyprus' or 'the north'. We use both the Greek and Turkish names for Green Line crossing points, as well as some cities, mentioned.

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about project events. Staff at the EU office in northern Nicosia provided crucial advice as to negotiating EU bureaucracy.

However, all views and interpretations of data appearing in this report are those of the project team alone and do not reflect or infer opinions of others.

## II. Executive Summary

### Funding and Aims of Project

- This report presents summary findings from the project 'Reconciliation and Peace Economics in Cyprus' (April 2010 - February 2012).
- The project was funded by the EuropeAid Cypriot Civil Society in Action II programme aiming to promote 'a conducive environment for the further development of trust, dialogue, cooperation and closer relationship between the Turkish Cypriot and Greek Cypriot communities...'
- Funding was as Stream C support for 'NGOs and international organisations promoting reconciliation projects including research leading to a better understanding of issues affecting trust between the two communities.'
- From the start of project, it was apparent that there was little hope for a settlement and the project concluded as the UN-sponsored talks again failed.

### Project Activities

- Activities involved research, dialogue and dissemination.
- Research in Cyprus was based on: a general household survey; a crossing-point survey; focus groups; and interviews. All research took place on both sides of the Green Line.
- Dialogue took place in four symposia and one bi-communal event.
- Dissemination has taken place through provision of findings at a bi-communal event and this report. There were also meetings with personnel from NGOs and overseas missions in Cyprus.

### The EU Context

- The Republic of Cyprus is highly unusual as an EU member which does not have full control over its constitutionally claimed territory.
- The Green Line Regulation severely restricts the scope of trade and movement between the Republic of Cyprus and northern Cyprus.

### Reconciliation

- The two communities do not agree on what the Cyprus problem is and there is little agreement about arrangements for a post-solution state.
- There is marked reluctance to recognise the other side, as well as interact even with the checkpoints open.
- Most Cypriots do not cross the Green Line or have only done so once or twice, so bi-communal contact is limited to a small percentage of the population.

- There is notable societal mistrust both *within* as well as *between* communities.
- There is suspicion about political leadership and the direction of the talks.
- While the Turkish Cypriot community tends to view the cause of the Cyprus problem as an issue between the communities, the Greek Cypriot community tends to view the cause as external.
- Given this fundamental disagreement, it is highly problematic from the outset to effectively apply reconciliation initiatives.
- The low level of interaction and interdependence between the communities also means that a starting point of moves towards reconciliation is absent.
- EU policy in Cyprus could more usefully at this time move to addressing societal trust issues *within* each community rather than *between* them.

### Peace Economics

- Both Cypriot economies are developing separately and in different directions.
- Increased economic interaction may not be required for future prosperity, but it is a crucial component to anchor an effective peace process.
- While the economy of northern Cyprus is clearly weaker than that of the Republic of Cyprus, this does not equate to actual household poverty.
- Comparatively, Turkish Cypriots reported greater access to capital and a greater ability to save money than Greek Cypriots.
- Each side engages in different activity when they cross; Greek Cypriots tend to visit places of interest, worship or their families' former home areas, while Turkish Cypriots more often shop, consume and access public hospitals.
- Greek Cypriots especially are resistant to spending money in the north to avoid supporting its economy, and spend less than Turkish Cypriots crossing.
- Significant regulatory obstacles to economic interaction remain in place, while economic relations cannot be divorced from considerations of social trust.
- Substantive change in economic relations depends on political movement and a transformation of the rules of engagement across the Green Line.
- Assumptions about the relative strengths and weaknesses of both communities' economies need to be realistically re-examined.

### Delivery

- Evaluation of the project confirms that the research and dissemination elements were appropriate. However, dialogue was less successful.
- There is a lack of wide interest in attending participatory events, in part because the Cyprus talks have dragged on for so long without result.
- The number of projects and events funded by the EU and others suggests that project fatigue detracts from significant interest in individual events.
- With no apparent programme coordination among the Cypriot Civil Society in Action projects, the EU is not making best use of its EuropeAid investment.



### III. Project Introduction (M. K. Flynn)

This report presents summary findings to the EU from the project 'Reconciliation and Peace Economics in Cyprus' (April 2010 – February 2012). Dr. M.K. Flynn, on behalf of the University of the West of England (UWE), Bristol (UK) ran the project with the support of UWE colleagues Dr. Tony King, Prof. Derek Braddon and Christian Dadomo. Additional work and services were provided mainly by Cypriots and Cypriot organizations and paid by project funds. While the EU, through EuropeAid, provided financial support, the project's development, implementation and conclusion were left solely to the project team. EU personnel exercised no editorial influence over this report, and maintained a hands-off approach to project execution throughout.

This project was awarded €212,997.08 under EuropeAid's Cypriot Civil Society in Action II programme (€2.5 million) which aims to promote 'a conducive environment for the further development of trust, dialogue, cooperation and closer relationship between the Turkish Cypriot and Greek Cypriot communities as an important step towards a solution to the Cyprus problem.' Specifically funding was allocated from Stream C support (€500,000) earmarked for 'NGOs and international organisations promoting reconciliation projects including research leading to a better understanding of issues affecting trust between the two communities.' The funding call went out in June 2008. The concept note (first stage of the application process) was due in September 2008. Successful applicants were invited to submit full applications for February 2009, and funding awards were announced in October 2009. This project commenced six months later.

The UWE project team comprised an interdisciplinary set of scholars with backgrounds primarily in politics, history, economics and law. The researchers had a broad range of country and regional familiarity, including not only Cyprus but also Northern Ireland, Israel, southern Africa, the former USSR and Yugoslavia, as well as a number of EU countries (especially Greece, France, Spain, Ireland and the UK).

Project execution revolved around three broad sets of activities: research; dialogue; and dissemination. Research throughout the project involved the primary work of surveys, focus groups and interviews in Cyprus, as well as the secondary work of desk-based research using printed and electronic materials. Dialogue with Cypriots about research in progress took place in four symposia (two TCC and two GCC; May-June 2011) and one larger bi-communal event (October 2011).<sup>1</sup> Dissemination was undertaken through this report, and at the bi-communal event by way of a discussion document in English, Greek and Turkish, and presentations with provision for simultaneous translation. There was also a number of meetings (January - February 2012) to discuss project outcomes with personnel from NGOs and overseas missions in Cyprus.

With regards to primary research, much of the data - in addition to semi-structured interviews - was drawn from three sources: a) a general household survey; b) a crossing-point survey; and c) focus groups.

a) One general household survey, applied to both the GCC and TCC, was based on representative sampling of 600 persons on each side (total 1,200) and took place 8 - 16 June 2010. In the RoC respondents were in Nicosia, Limassol, Larnaca, Famagusta district and Paphos; in northern Cyprus respondents were in Nicosia, Famagusta, Kyrenia/Girne, Morphou/Güzelyurt and Iskele.

Data was collected through individual interviews of forty-five minutes each and solicited responses to questions relevant to both the reconciliation and economic themes. Participants were selected through the stratification of urban and rural areas based on the Republic of Cyprus's 2001 census, and northern Cyprus's State Planning Organisation's 2006 geographical distribution percentages. The next stage involved random selection of primary sampling units, and thereafter random

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<sup>1</sup> The bi-communal event was a collaborative effort at the Home for Cooperation (Nicosia) in the U.N. Buffer Zone. The event, 'Building Trust: Civil Society, Trade and Cooperation' (20-21 October 2011), was undertaken in cooperation with INTRAC ([www.intrac.org](http://www.intrac.org)) and its EuropeAid project 'Developing Trust and Cooperation: Research to Improve Civil Society Practice.'

selection of households. The respondent within a household was chosen on the grounds of the most recent birthday. Significantly almost all GCC respondents, 597 of 600, identified themselves Cypriots but only 528 of 600 from the TCC sample did. The overwhelming remainder from the TCC set were identified as TO.

Also noteworthy is that the GCC sample was considerably older than the TCC one. The age factor inevitably impacts on the data collected and subsequent analyses.

<i>Summer 2010 general household survey</i>		
<b>Age</b>	<b>GCC %</b>	<b>TCC %</b>
18-25	9.3	24.2
26-45	31.5	49.0
46-65	39.8	23.0
66+	19.3	3.8

b) One crossing-point survey of 1,000 persons was undertaken on each side (total: 2,000) at checkpoints in Nicosia. (28 June - 23 July 2010; Ledra Street / Lokmaci - pedestrians; Agios Dometios / Metehan / Kermia - pedestrians and vehicles; and Ledra Palace - pedestrians on the northern side only).

Data was based on five-minute interviews to elicit responses primarily about economic issues. Noted here is that, of the seven open crossings, only three - those in Nicosia used for this survey - are in an urban area. The other four are rural, and two of those pass through Dhekelia Sovereign Base (UK) between Famagusta and Larnaca. It is noteworthy that, of those surveyed crossing from the GCC side, 15% identified themselves as neither Cypriot nor Greek Cypriot. Crossings from the TCC side were more demographically uniform with 95% born on the island. It should be noted that, while EU nationals can move freely both ways across the Green Line, the great majority of TOs do not have the documentation allowing them to do so.

c) Ten focus groups were convened with five GC, four TC and one TO (GC: 7-9 February 2011, Strovolos, Nicosia; TC: 28 February – 3 March 2011, northern Nicosia; and TO: 4 March 2011, Famagusta). Participants were filtered by age and broad left-wing (LW), right-wing (RW) and centrist political affiliation, with the exception of the TO group, and recruited through snowball techniques. Focus groups averaged eight to nine participants. Members of the project team observed, with translator when required, all focus groups.

With regard to the project context, three elements are worth noting here as impacting on the findings' relevance. First, the timeframes for the surveys (June – July 2010) and focus groups (February – March 2011) exclude the likely influence on popular opinion of, for example: the explosion at the Mari power station in July 2011 in the RoC; controversy around the discovery of offshore natural gas reserves in late 2011; and the further deepening of the economic crisis. However, findings still provide indicative data contributing to a better understanding of issues around trust.

Second, this project was contingent on a EuropeAid funding call issued in June 2008. A commitment to project rationale, as well as methodology, was necessarily included in the concept note submitted in September 2008, and shortly thereafter evaluated against the stated criteria of 'promoting reconciliation.' Given that the work concluded in February 2012, more than three and a half years elapsed between the project's inception and conclusion. This is a substantial length of time and potentially raises questions about the relevance of project intent based on funding criteria determined several years beforehand.

Third, and related to the point above, findings and related recommendations were to be applicable whether or not a political settlement had been reached by the time the project ended. However, it was abundantly clear from the start of work in Cyprus that there was little anticipation of an imminent settlement. While some Cypriots wanted to be hopeful and provided constructive views, few informed observers, commentators or activists were optimistic that a settlement would be concluded.

This cast a pessimistic pall over the project throughout and severely tested the funding rationale for research 'leading to a better understanding of issues affecting trust between the two communities.' This is especially the case given that the project concluded against the backdrop of a repeat failure in the UN-sponsored talks process at Greentree, New York, late in January 2012.

#### IV. The EU Context (C. Dadomo)

This section of the report gives an overview of the legal dimension and framework on which the search for a settlement in Cyprus currently lies. Cyprus is in a unique situation and, although accession by a re-united Cyprus would have been the ideal situation, its historical legacy has proven difficult to overcome. Hence the RoC became an EU Member State in May 2004 without settlement of the Cyprus problem.

Cyprus is highly unusual as an EU Member that does not have effective control over all areas envisaged by its own constitution. Protocol No. 10 on Cyprus to the Act of Accession 2003<sup>2</sup> fully recognises this situation while its Preamble reaffirms the commitment by the EU and acceding states to a comprehensive settlement. Until such a settlement is reached, Article 1(1) of Protocol No. 10 suspends application of the whole body of European law 'in those areas of the Republic of Cyprus in which the Government of the Republic of Cyprus does not exercise effective control.'

However, this suspension - being by definition territorial - does not affect the rights of Turkish Cypriots, who are regarded as citizens of an EU Member State, even though they live in northern Cyprus. To this effect, on the basis of Article 2 of the Protocol, the Council adopted Regulation No 866/2004 or the Green Line Regulation<sup>3</sup> on 29 April 2004 to deal with the movement of persons, goods and services across the line. As a result of the suspension, it is down to the Green Line Regulation to define the application of EU law provisions on the free movement of persons. It gives authority to the RoC to '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.' These include checks on vehicles and objects in the possession of persons. The line can be crossed only at crossing points authorised by the competent RoC authorities. Third country

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<sup>2</sup> *Official Journal of the European Community* 2003, L 236 p. 955.

<sup>3</sup> *Official Journal of the European Community* 2004, L 161 p. 128 as amended by Council regulation (EC) No 587/2008 (*Official Journal of the European Community* 2008, L 163, p. 1).

nationals (i.e. persons who are not EU citizens) are only allowed to cross the line provided that they are in possession of a residence permit or valid travel document issued by the RoC and, if required, a valid visa for the RoC, and also do not represent a threat to public policy or security.

In its 2011 report on the implementation of the Green Line Regulation,<sup>4</sup> the Commission reiterated that '(t)he Regulation provides for a stable legal framework for the free movement of Cypriots, other EU citizens and third country nationals who cross the Green Line at the crossing points.' But it notes that '(t)here was a slight fall in the number of Greek Cypriots and Turkish Cypriots crossing.' It also observes a sharp drop in the number of non-Cypriot EU citizens and third country nationals crossing the line compared to the previous year of reference, and a further decrease in irregular migration across the line from northern Cyprus to the government-controlled areas.

With regard to goods, the Green Line Regulation and Regulation 1480/2004 have set out a special regime for the crossing of goods. The main principle is that '...goods may be introduced in the areas under the effective control of the Government of the Republic of Cyprus, on condition that they are wholly obtained in the areas not under effective control of the Government of the Republic of Cyprus.' Unless eligible for export refunds or intervention measures, such goods cannot be subject to customs duties or charges having equivalent effect, nor to a customs declaration. Goods lawfully crossing the line are to be treated as not being imported if they are destined for consumption in the RoC. Provided they comply with the conditions set out in the regulation, such products have the status of EU goods and hence benefit from free circulation within the EU.

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<sup>4</sup> *Seventh Report on the Implementation of Council Regulation (EC) 866/2004 of 29 April 2004 and the Situation Resulting from its Application Covering the Period 1 May until December 2010* (COM (2011) 284 final).

Although reported figures showed an annual increase in the total value of goods crossing the line, in comparison to the previous reporting year<sup>5</sup> (with the exception of the last two years),<sup>6</sup> the overall scale of Green Line trade has remained limited owing to the narrow scope of the Regulation. Furthermore, the Commission services keep reporting that many obstacles to trade across the line continue to exist. Notably, according to the 2011 Annual Report, 'Turkish Cypriot commercial vehicles, in particular lorries above 7.5 tonnes and buses, can only move freely across the whole island if driving licences and roadworthiness certificates are obtained in the government-controlled areas.'<sup>7</sup>

However, more importantly, it is worth noting that the Green Line Regulation appears to have failed to enable goods originating in the areas not under the control of the RoC to penetrate the EU market. As reported in the 2007 report, 'only in one single case, goods crossed the Green Line and were subsequently subject to an intra-community transaction with another Member State.'<sup>8</sup> This figure increased to 3 in 2007 to come back to 1 in 2009, but no further cases were reported in the following years. Generally, 96-97% of the trade volume across the line is intra-island trade<sup>9</sup>. If, as the Commission reiterates in annual reports, the 'overall conclusion is that the Green Line Regulation continues to provide a workable basis for allowing the passage of persons and goods to and from the government-controlled areas of the Republic of Cyprus'<sup>10</sup> and if one can agree that it is an important device for bringing the two communities closer, its overall impact could be regarded as mixed, especially with regards to the crossing of goods.<sup>11</sup>

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<sup>5</sup> See especially *Commission Report 2007*, p. 11; *Commission Report 2008*, p. 9; and *Commission Report 2009*, p. 10.

<sup>6</sup> *Commission Report 2010*, p. 9, and *Commission Report 2011*, p. 7.

<sup>7</sup> *Commission Report 2011*, p. 7. See also *Commission Report 2009*, p. 10 and 2010, p.10.

<sup>8</sup> *Commission Report 2007*, p. 11.

<sup>9</sup> See *Commission Report 2010*, p. 6 and 2011, p. 5.

<sup>10</sup> See *Commission Report 2010*, p.10 and 2011, p. 7.

<sup>11</sup> In this respect, see also N. Skoutaris, 'The Application of the *Acquis Communautaire* in the Areas not under the Effective Control of the Republic of Cyprus: the Green Line Regulation' (2008) 45 C. M. L. Rev. 727, at 755.



As pointed out in Section VI of this report ‘...despite some recent progress in economic convergence, Cyprus remains economically divided.’ Yet, it remains unclear whether the broadening of the scope of the Green Line Regulation or even the adoption of further trade regulations, like the Direct Trade Regulation (assuming the related legal and political issues are resolved), would accelerate the process of economic convergence and integration of Cyprus since effective economic policies have to wait on political barriers to be lifted. In this respect, given the repeated failure of UN-sponsored talks, the EU is faced with a politico-legal challenge. This could, however, present an opportunity for the EU to play a more active and positive role in supporting an eventual settlement in line with the principles on which it is built.

## V. Reconciliation (T. King)

This section concerns questions of whether or not post-conflict reconciliation can be applied to Cyprus as interpreted through our data. Cyprus has been physically divided since Turkish military action responded to a Greek-inspired coup on the island in July-August 1974. Ever since, repeated efforts to negotiate the reunification of the island have yielded few results, and consequently the isolation of the two communities from each other continues. For almost thirty years the Green Line was a hermetically sealed frontier. In April 2003 the Turkish Cypriot authorities unilaterally opened two checkpoints, an unexpected move. There was a rush of people anxious to cross over from both sides, and there were very few incidents to warrant ending this experiment. Since then, a total of seven checkpoints have opened and operate twenty-four hours a day.

This section focuses especially on consideration of the potential for reconciliation based on views regarding: the Cyprus problem; the post-solution state; recognition, settlers/immigrants and property; societal trust; and trust in political institutions and leadership. It draws on and complements the work done by UNFICYP;<sup>12</sup> Kaymak, Lordos, and Tocci;<sup>13</sup> Georgiades;<sup>14</sup> Webster;<sup>15</sup> Webster and Timothy;<sup>16</sup> Sitas, Latif and Loizou;<sup>17</sup> and Ladisch.<sup>18</sup> This work primarily considers attitudinal reasons

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<sup>12</sup> UNFICYP, 'Τα Ηνωμένα Έθνη στην Κύπρο: Μια Διακοινοτική Έρευνα της Κοινής Γνώμης από την ΟΥΝΦΙΚΥΠ' [The UN in Cyprus: An Inter-communal Survey of Public Opinion by UNFICYP], April 2007.

<sup>13</sup> Erol Kaymak, Alexandros Lordos and Nathalie Tocci, *Building Confidence in Peace: Public Opinion and the Cyprus Peace Process* (Brussels: Centre for European Policy Studies, 2008).

<sup>14</sup> S.D. Georgiades, 'Public Attitudes Towards Peace: The Greek-Cypriot Position', *Journal of Peace Research*, 44, 5, 2007, pp. 573-586.

<sup>15</sup> Craig Webster, 'Division or Unification in Cyprus? The Role of Demographics, Attitudes and Party Inclination on Greek Cypriot Preferences for a Solution to the Cyprus Problem', *Ethnopolitics*, 4, 3, 2005, pp. 299-309.

<sup>16</sup> Craig Webster and Dallen J. Timothy, 'Travelling to the 'Other Side': the Occupied Zone and Greek Cypriot Views of Crossing the Green Line', *Tourism Geographies*, 8, 2, 2006, pp. 162-181.

<sup>17</sup> Ari Sitas, Dilek Latif and Natasa Loizou, *Prospects of Reconciliation, Co-Existence and Forgiveness in Cyprus in the Post-Referendum Period* (Oslo: PRIO, 2007).

<sup>18</sup> Virginie Ladisch, 'The Challenge of Peacebuilding: Cypriot Views on Reconciliation', *The Cyprus Review*, 19, 1, 2007, pp. 91-108.

for impediments the peace process has faced. Diplomatic obstacles to uniting the island have been discussed elsewhere.<sup>19</sup>

Ladisch has argued that research on the Cyprus problem 'is based on the premise that there is a conflict in Cyprus; although latent and non-violent, it is a conflict nonetheless. In other words, there is a division that needs to be reconciled or resolved'.<sup>20</sup> Our work, supported by the data, tends to the opinion that Cyprus is no longer a divided society that ought to be reconciled, but could better be considered as discrete societies that are *qualitatively* different. These societies have little interaction, exhibit a marked reluctance to engage in wider cross-community activity or commerce, and harbour deep mutual suspicion. Given that they were completely divided for almost thirty years and have had only limited interaction since 2003, we believe that it is of limited value now to argue that Cyprus is a single society that has been riven asunder. Our data, especially on what the Cyprus problem is, societal trust and the shape of a post-solution state, leads us to believe that policy direction in Cyprus could more usefully move to addressing societal trust issues *within* each community rather than *between* them.

## **Reconciliation**

In a post-conflict situation, reconciliation is commonly understood to mean that once 'there is a common understanding of each community's views about the past ... reconciliation involves an acknowledgement of the other.'<sup>21</sup> Programmes to effect reconciliation are generally undertaken in societies that have suffered some kind of severe *domestic* trauma or dislocation, such as civil conflict or dictatorship. In some cases, truth commissions have been set up to lustrate aspects of that trauma as a way to enable not only personal healing, but also judicial and institutional processes that

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<sup>19</sup> See for example: James Ker-Lindsay, *EU Accession and UN Peacemaking in Cyprus* (Basingstoke: Palgrave Macmillan, 2005); and Michális S. Michael, *Resolving the Cyprus Conflict: Negotiating History* (Basingstoke: Palgrave Macmillan, 2009).

<sup>20</sup> Ladisch, 'The Challenge of Peacebuilding', p. 97.

<sup>21</sup> Ladisch, 'The Challenge of Peacebuilding', p. 98.

may or may not include prosecutions. Common premises throughout are that reconciliation should contribute to a society's post-trauma cohesion, and that understanding the other's point of view is a prerequisite.<sup>22</sup> Reconciliation initiatives generally do *not* take place in a society that has suffered outside invasion or occupation.

Moves towards reconciliation do not happen in a vacuum. They have to be supported by recognised organs of society and the state, because they must be seen to be legitimate. They invariably take place where the perpetrators and their victims continue to live in the same society. While outside experts are frequently involved in reconciliation programmes, these initiatives work best if they are locally inspired and grounded so that the society emerging from conflict can claim ownership of the process and its results. The purpose of reconciliation is not only to reveal wrongdoing or expose abuses, but also to draw a line under the conflict by providing a framework of common experience of the conflict. In essence, it marks the *end* of the transition process, not just one more step on the road. Unlike certain types of truth commission, reconciliation does not generally suggest a prosecutorial remit.

There are several salient issues concerning reconciliation in Cyprus. Post-conflict reconciliation is considered a way of ending the transition period from conflict. Therefore, is there a sense that Cyprus is actually emerging from conflict? Will the perpetrators and victims live in a single society? Can each community acknowledge the viewpoint and suffering of the other, and do the organs and institutions of the state support this initiative? Or could the status quo continue in perpetuity?

Cyprus is complicated because the roots of its division are simultaneously internal and external, and there is fundamental disagreement over what caused the Cyprus

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<sup>22</sup> See Priscilla B. Hayner, *Unspeakable Truths: Facing the Challenge of Truth Commissions* (London: Routledge, 2002); and Robert I. Rotberg and Dennis Thompson (eds.), *Truth v. Justice: The Morality of Truth Commissions* (Princeton NJ: Princeton UP, 2000).

problem. Of the two main communities on the island, the GCC maintains that division was mainly caused by outside invasion and the interests of foreign powers. The TCC, on the other hand, primarily believes that it was caused by the existence of two communities and nationalist tensions between them. Both contain a large element of truth, and, bolstered by decades' worth of education and public discourse, are consequently hard to dislodge, as we discovered in our focus groups. These competing narratives expose how keenly both communities feel about their own perceived insecurity. Indeed, the lack of violent conflict notwithstanding, the underlying sense from our interviews and contacts was that 'the Cyprus problem' was shorthand for 'security'. This was corroborated by focus groups from both sides, and also confirms UNFICYP's findings from 2007.

Furthermore, reconciliation initiatives will be of limited utility if there is no need for either side to acknowledge the point of view of the other. This is especially relevant concerning the GCC viewpoint, because if they believe that the cause of the problem was external, then reconciliation initiatives fundamentally cannot apply to them. The very low level of interaction and interdependence between north and south means that the starting point of moves towards reconciliation, namely a single society divided through domestic conflict, is also largely absent.

### **The Cyprus Problem**

In the general household survey we asked what were the three major issues that Cyprus faces at present. Not surprisingly 'the Cyprus problem' was the top response (42%) from both communities, followed by 'the economic crisis' and 'unemployment' (Figure 1). Therefore, despite growing economic unease, the Cyprus problem came top of both communities' responses. Our focus groups also discussed the Cyprus problem, and there was consensus, especially among GCs, that it was something that they had become habituated to thinking of as the island's biggest issue, but which did not actually affect their everyday life. 'We have our own problems; we don't bother with the Cyprus problem but it's at the back of our mind'

(GC 18-35 RW). This sentiment was largely echoed by TC focus groups. Meanwhile, the TO focus group strongly felt that their right to live in Cyprus was continually questioned by all sides, and they lacked any representation at the talks.

Interestingly, survey results indicate that the Cyprus problem is a primary issue more for younger respondents from the TCC and older ones from the GCC (Figure 2). To the former, the north's liminality continues to pose obstacles regarding opportunities both within and outside the territory. For the latter, there is the issue of living memory of conflict and dispossession. Younger GCs tend not to see compelling reasons why the conflict should continue to be at the top of the political agenda, and older TCs often consider Turkish actions in 1974 as deliverance from the threat of violence by GC groups. As one interviewee stated, for GCs 1974 was a sudden rupture and dislocation that marked the start of history; for TCs, the intervention of the Turkish military on their behalf marked the end of history.

One of the fundamental reasons why the conflict has proved intractable is that neither community agrees on what the Cyprus problem *is*, and each side's narratives have left little room for negotiation. In the general household survey, we asked what respondents thought was the primary cause of the Cyprus problem. Opinions diverged sharply, and there was no broad agreement as to what caused the island's division in the first place. GCC respondents believed it was chiefly down to the machinations and military involvement of foreign powers. TCC respondents, conversely, believed it was mainly due to nationalistic elements of the two communities (Figure 3). Further analysis of the data also revealed that this opinion was shared by a surprisingly large number of GCs aged 66+ who would remember the communal violence of the early 1960s. This divergence is mirrored in similarly intractable opinions on what the shape and structure of a post-solution Cyprus should be, as will be discussed below.

The danger is that the longevity of the Cyprus problem has allowed these competing narratives to assume overriding legitimacy and hence ossify the process. GCC

respondents primarily place responsibility for the Cyprus problem on invasion by a foreign power (37.5%) and the machinations of foreign powers (35%). This strongly suggests that they consider GCs themselves as powerless and blameless. TCC respondents, on the other hand, thought that the problem had been caused by the existence of two communities (46.2%), and to a lesser extent on their respective nationalistic elements (20.1%). This indicates that for the TCC blame for the problem is largely domestic. Therefore, the two communities are *qualitatively* different in how they view the fundamental problem, and there are few signs of convergence or mutual understanding.

Furthermore and although the checkpoints are now open, it appears that that most Cypriots do not cross often and the rate of people crossing has, in fact, sloped off in recent years (see Section IV above). While the TCC sample included a minority of TOs who are unable to cross into the RoC, all GCC participants possessed the right papers to travel north. Yet only a minority did so with any regularity at all (Figures 4 and 5). As one source commented, the two communities are no longer curious about one another.

The pattern of crossing is different as well. While GCs tend not to cross to make a political or ethical point, most TCC respondents who had not crossed said it was simply because it had not happened yet or that they were unable to do so (Figure 6). It should be emphasised that in both the GCC and TCC samples, a very large proportion either had never crossed or crossed only once. Of the GCC respondents, just over 60% had either never crossed or done so only once. Of the TCC sample, just under half had never crossed or only crossed once. Only 1.2% of the GCC and 5.8% of the TCC crossed once a week or more. Regarding the emotional impact of crossing the Green Line, large numbers of GCs in particular reported that they had stopped crossing because it left them sad and with negative feelings, in complete contrast to TC respondents (Figure 7).

In other words, the proportion of both communities who regularly access the other side is very small, and GCs in particular have emotional, political and ethical reasons for not accessing the other side. This suggests that Cyprus has become, in essence, separate societies. It should also be noted that although seven checkpoints are now open, only three are in an urban area (Nicosia), and of those only one (Ledra St./Lokmaci) is situated in a busy part of town easily accessible by foot. In other words, the Green Line and its checkpoints are not, in fact, a part of most people's everyday life.<sup>23</sup>

### **The Post-Solution State**

As well as fundamental disagreement over what caused the Cyprus problem, the GCC and TCC disagree over what shape the post-solution state should take. Underpinning their opinions is the issue of security, which became apparent in our focus groups on both sides. GCs fear the Turkish military and TCs are apprehensive about a central government that might be dominated by GCs, as well as their minority status within Cyprus without the security afforded by Turkey's presence.

Much of the UN-sponsored talks process has been dominated by discussions about what kind of unitary, federal or confederal/bi-communal model a post-solution Cyprus would follow. According to general household survey results, the status quo with checkpoints open was largely unacceptable for the GCC (73.2%), while the TCC found it an acceptable compromise (69.5%) (Figure 8). Both sides found the status quo with closed crossing points unacceptable (GCC 59.3%, TCC 52%) (Figure 9).

The option on the table is for a bi-zonal, bi-communal federation. The GCC tended to favour a single unitary state with equal rights for all Cypriots – which would almost certainly be dominated by GCs given their demographic superiority – to the exclusion of other options. The TCC, on the other hand, demonstrated a more

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<sup>23</sup> Thanks to Dr Ahmet Sözen for highlighting this point.



nuanced response. A unitary state with equal rights for all citizens (no mention of preferred form of government) was favoured by 58% (Figure 10). While the TCC support for a unitary state in which they would be the minority seems high, the inclusion of the wording 'equal rights', strongly suggesting protection against domination by the GCC, would have pushed up the approval for a unitary state in this case.<sup>24</sup>

The option of a weak federation with strong constituent states was unpopular (Figure 11), while that of a strong federal government with weak constituent states was less so (Figure 12). The option of two independent states was rejected overwhelmingly by the GCC, whereas it was the most popular option for the TCC (Figure 13). However, focus group data suggested that, in fact, people do not necessarily think in great detail about the structure of a post-solution Cyprus, although a number of GCs clearly wished for a return to how it was 'like in the past when we had control' (GC 40+ centrist).

More broadly, the GCC in particular was divided about making crossing easier and opening more crossing points (Figures 14 and 15). These particular questions are relevant because, in the absence of progress in the talks, the status quo with open checkpoints is what will remain. As Yakinthou argues, it has outlasted almost forty years of negotiations and, if it continues, will cement the *de facto* partition.<sup>25</sup> One interviewee commented that the current situation may not be ideal, but it is very stable. Others contended that the open crossing points and lack of incident have normalised the division; one in particular argued that the UN Buffer Zone at the Ledra Palace crossing point, where various bi-communal events take place, had become an accepted third space.

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<sup>24</sup> Thanks to Alexandros Lordos for pointing out the complexity of the responses.

<sup>25</sup> Christalla Yakinthou, 'A never-ending story: Cyprus', in Stefan Wolff and Christalla Yakinthou (eds.), *Conflict Management in Divided Societies: Theories and Practice* (London: Routledge, 2012), p. 245.

## Recognition, Settlers/Immigrants and Property

Recognising the other side's existence is obviously a crucial element of any solution. The north is unrecognised internationally, which poses practical problems regarding raising money or trading legitimately: 'Our state is not free and independent' (TC 35+ LW). It is also an issue concerning access to (and by) international institutions and best practice – two interviewees commented, by way of an example, that the north cannot access UNESCO to aid the protection of antiquities. Avoiding anything that could imply recognition or acknowledgement of the other side has become an article of faith, especially among GCs. For example, we asked whether university degrees and school qualifications from the other side should be recognised. Unsurprisingly, a large majority of the GCC (71.9%) argued that no qualifications from the north should be recognised. Conversely, most TCC respondents (56.5%) felt that qualifications from the south *should* be recognised (Figure 16).

On a similar note, we asked whether it was acceptable to buy goods and services from the other side, which would effectively confer recognition for anything above small-scale *ad hoc* transactions. Again, almost two-thirds of the GCC exhibited widespread resistance, as did almost half the TCC (Figure 17). This strongly suggests that the GCC largely accept the continuation of an effective boycott of the north. The TCC, on the other hand, while preferring not to buy goods and services from the south, are more willing to accept its degrees and qualifications. We would argue that willingness to both trade and recognise educational qualifications are basic prerequisites for a single state to function; the level of societal resistance to such reciprocity discourages optimism.

On the divisive question of what should happen to TOs and their children living in the north, opinion was sharply divided. Almost half (45.7%) the GCC sample thought that all first-generation arrivals should leave, although a large minority (37.5%) believed that a TO married to a TC could stay. TCC respondents overwhelmingly (72.7%) thought that all first-generation TOs should remain (Figure

18). On the question of TOs' children, over two-fifths (41.3%) of the GCC sample responded that they should leave, while almost a third (30%) argued that those with one TC parent could stay. Meanwhile TCC participants argued - by a large majority - that all children of first-generation TOs should stay (Figure 19). Focus groups on both sides equated the demographic question here with security. Both sides expressed alarm at being 'overrun' - GCs by TCs and TOs, and the TCs by the GCs' demographic superiority, as well as by increasing immigration from Turkey. It is significant that returning to the demographic balance of 1974 is considered a red line by GC negotiators.

Similarly, the issue of restitution of, or compensation for, property lost or appropriated during the division of Cyprus is controversial. Both the GCC and TCC samples countenanced compensation, with few respondents arguing that no compensation should be paid at all. The GCC was more likely to want an actual property, while the TCC largely preferred cash compensation (Figure 20). However, on the question of what compensation should be paid to those *vacating* properties that were to be returned, GCC respondents was much less likely to support any kind of compensation than those from the TCC (Figure 21).

### **Societal Trust**

The issue of societal trust in Cyprus has usually been taken as referring to trust between TCs and GCs, to the extent that it overrides questions of trust *within* each community. Our data suggests that trust within each community is low, and therefore it is understandable that they exhibit mistrust towards the other side, quite apart from the issue of the division of Cyprus. This also resonates with our data suggesting a high level of mistrust - especially within the GCC - regarding the role of international actors in the talks process, as will be discussed below.

The general household survey tabled a range of queries touching on interpersonal issues and found that both the GCC and TCC exhibit notable levels of mistrust. In response to the question 'Do you think most people would try to take advantage of

you?', 80.9% of the GCC sample answered 'Definitely' or 'Probably', indicating that the overwhelming majority are distrustful of people in general. The corresponding figure from the TCC was 56.8%, lower but still a majority (Figure 22). Interestingly, when the question was phrased 'Do you think most [*from the other community*] would try to take advantage of you?', the GCC score for 'Definitely/Probably' was little different at 81.9%. However, the TCC score jumped to 79.4% (Figure 23). In essence, four-fifths of both the GCC and TCC believe that members of the other community will try to take advantage of them personally, although the GCC is more generally distrustful.

Regarding the straightforward question 'Do you trust the other community?', about two-thirds from both samples answered 'No.' However the GCC sample was only half as likely to answer 'Yes' as the TCC (GCC 8%, TCC 16.5%). (Figure 24) Almost half of both the GCC and TCC respondents disagreed with the statement 'I feel members of the GCC/TCC have grown more trusting of us over time' (Figure 25). Meanwhile, a significant minority (GCC 37.6%, TCC 24.2%) feels unwelcome when they cross the Green Line (Figure 26).

To get a sense of how an integrated Cypriot society and economy might work, we asked how people would feel about having a boss from the other community; a majority of neither the GCC (59.7%) nor TCC (63.8%) samples found this acceptable (Figure 27). The GCC were also unwilling (43%) to have a foreign boss from outside Cyprus, whereas TCC respondents were not necessarily averse (Figure 28). Outside of the power relationship that working for a boss from the other community or overseas entails, we asked about whether having GC, TC and foreign neighbours was acceptable. Our data showed that both the GCC and TCC were more willing to countenance foreign neighbours than those of the other community, a feeling more pronounced among TCC respondents (Figures 29 and 30). Both GCC and TCC respondents were also more willing to accept their sibling or child marrying a foreigner than someone of the other community (Figures 31 and 32).

As part of exploring trust issues, we also asked whether Cyprus should have a truth commission and whether it should be comprised of Cypriots, outside experts or both. Both the TCC and GCC broadly agreed that such a commission should take place, and both very broadly accepted that it could have foreign members as well as Cypriots (Figures 33 and 34). However, truth commission discourse is low-profile in Cyprus, and we add the caveat that, as one prominent interviewee made clear, both communities see such a commission mainly as a way of confirming *their own* version of history. This is very much at odds with the accepted reasoning for a truth commission, which is to acknowledge the other side's point of view.

Overall our data strongly suggests that the greater and easier contact between TCs and GCs over the last few years has *not* translated into increased levels of trust, with most from both communities answering that their levels of trust had actually diminished or remained the same. When asked about the influence of contact on their degree of trust, almost half of both GCC (46.1%) and TCC (49%) respondents said increased contact had, in fact, negatively affected their trust. Only a minority indicated that trust had improved through more contact, although there is noteworthy variation as over a quarter of TCC respondents thought their level of trust had improved, compared to just over 10% from the GCC (Figure 35).

### **Trust in Political Institutions and Leadership**

According to our data, the GCC generally believes that political parties (44.7%) and their president (39.2%) wielded the most political influence in the RoC. Regarding who had most influence in northern Cyprus, the GCC also thought Turkey (80.8%) and the Turkish army (35%) were the most influential. TCC respondents believed that in northern Cyprus political decisions were most heavily influenced by Turkey (63%), followed by the north's own government (30%). TCC respondents also thought the political decisions in the RoC were most influenced by the church (42.2%) closely followed by Greece (38%) (Figure 36). Nevertheless, whoever is thought to influence the political process most in either community is not necessarily

seen as representative. Both GCC and TCC respondents believed that their political leadership formed policies and strategies without consulting their supporters (Figure 37).

With regards to the talks process, some four-fifths of the GCC sample were likely to believe that it was driven mostly or exclusively by the interests of foreign powers. Conversely, TCC respondents were more likely to argue that political leadership of the two communities was driving the process (Figure 38). The GCC opinion - that the talks are mostly or exclusively directed by outside powers - suggests two things. First, the average GC feels a high level of disconnection with the talks process, something echoed in the focus groups. Second, the GCC does not view itself as responsible for the direction the talks take, a point especially relevant after decades of failed negotiations. The TCC result, on the other hand, shows a higher level of trust in their own leadership.

However, more than one interviewee commented that the political leadership on both sides has a high level of inertia. They argued that the negotiations have become an independent dynamic of their own, and that continuation meant that key players could keep ownership, control and status. Some focus group participants reiterated this sentiment: 'I hate to see politicians taking advantage of the situation, living from it.' (GC 18-35 LW)

## **Conclusion**

Our data indicates that the two communities in Cyprus hold qualitatively different views and opinions. They exist separately with little interaction and virtually no interdependence. Thus space for convergence in any solution is extremely limited. Moreover, our data supported by fieldwork suggest that there is little societal or political will to use that space for convergence. While virtually all our interviewees *want* a solution, and most of them were engaging actively with the process, they were all pessimistic about the prospects of one emerging in the foreseeable future.

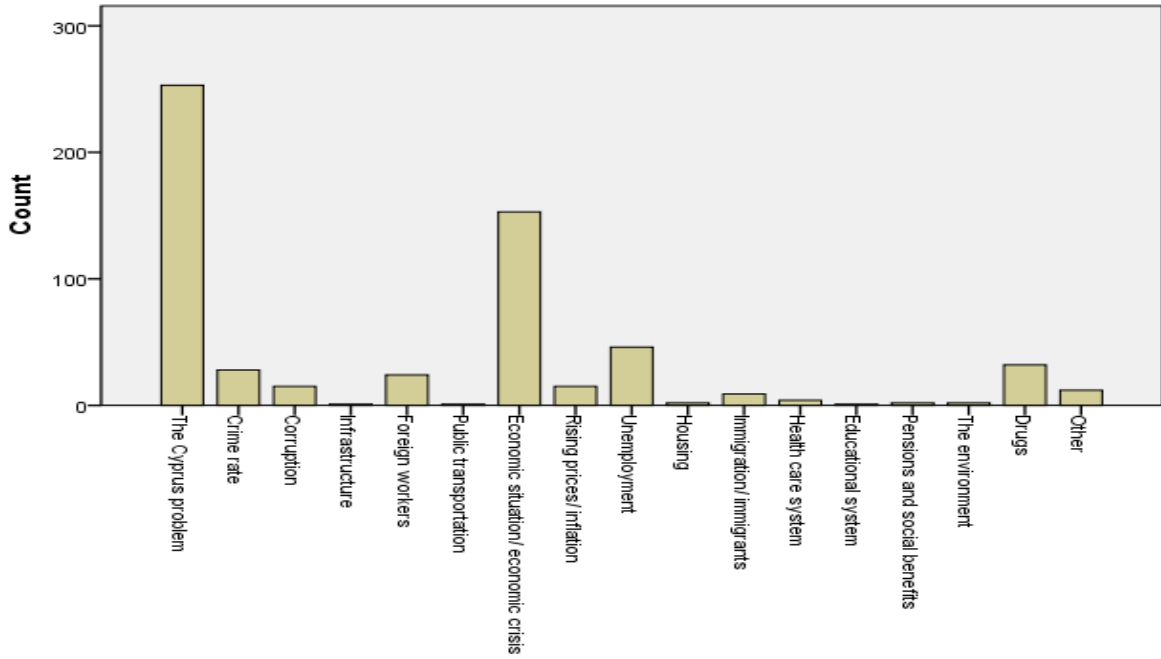
Our data demonstrates that even the causes of Cyprus's division are contentious. The questions of personal trust regarding relations with the other community might be expected to point to mutual suspicion, but these attitudes are supported by similar levels of mistrust *within* each community. Our view is that, if each community displays a high level of mistrust towards its own members and leadership, it is highly unlikely that it will express less mistrust towards the other side. The mistrust between the two sides is grounded in mistrust within each.

We believe therefore that Cyprus is not entirely ready for reconciliation measures. The two communities exhibit entrenched and qualitatively different views about the cause, nature and urgency of the Cyprus problem. Meanwhile, people on both sides demonstrate little confidence in their own political leadership. Social attitudes that have developed for decades show little sign of softening, and there is little space in which to challenge received wisdom. All this poses a challenge to finding common ground for engaging in the necessary dialogue in which each side not only talks but acknowledges the other's concerns and interests.

Figure 1 (all figures from the General Household Survey)

Can you tell me which three are the major issues that our society faces at present?  
(first response)

GCC



TCC

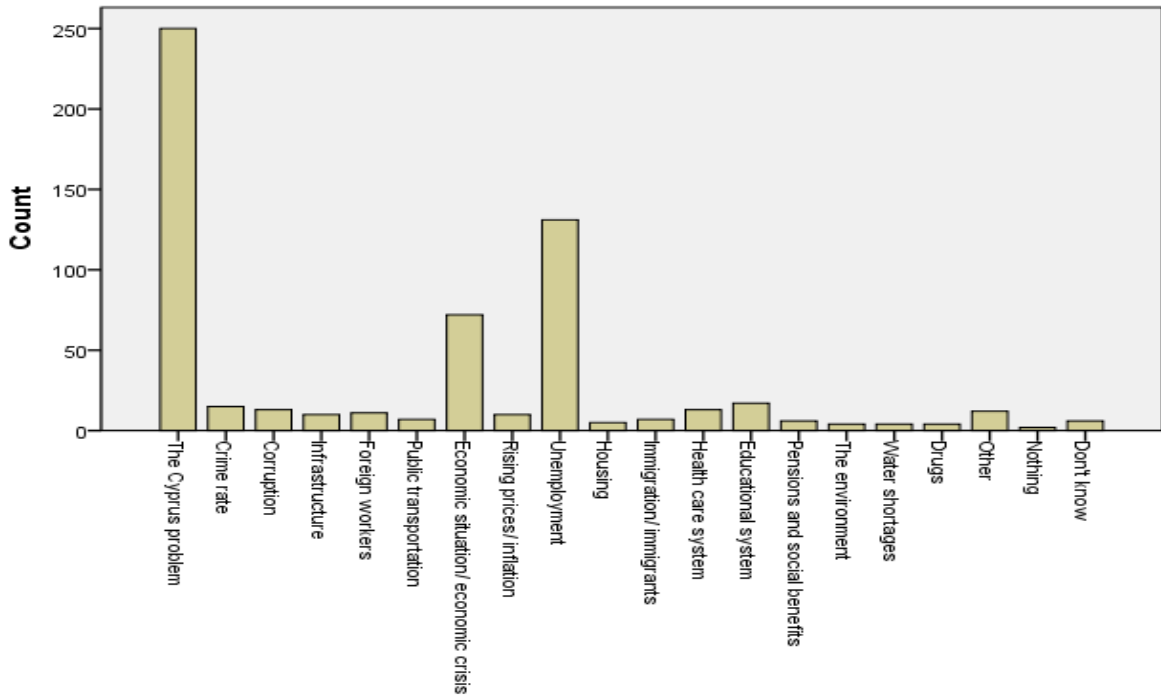
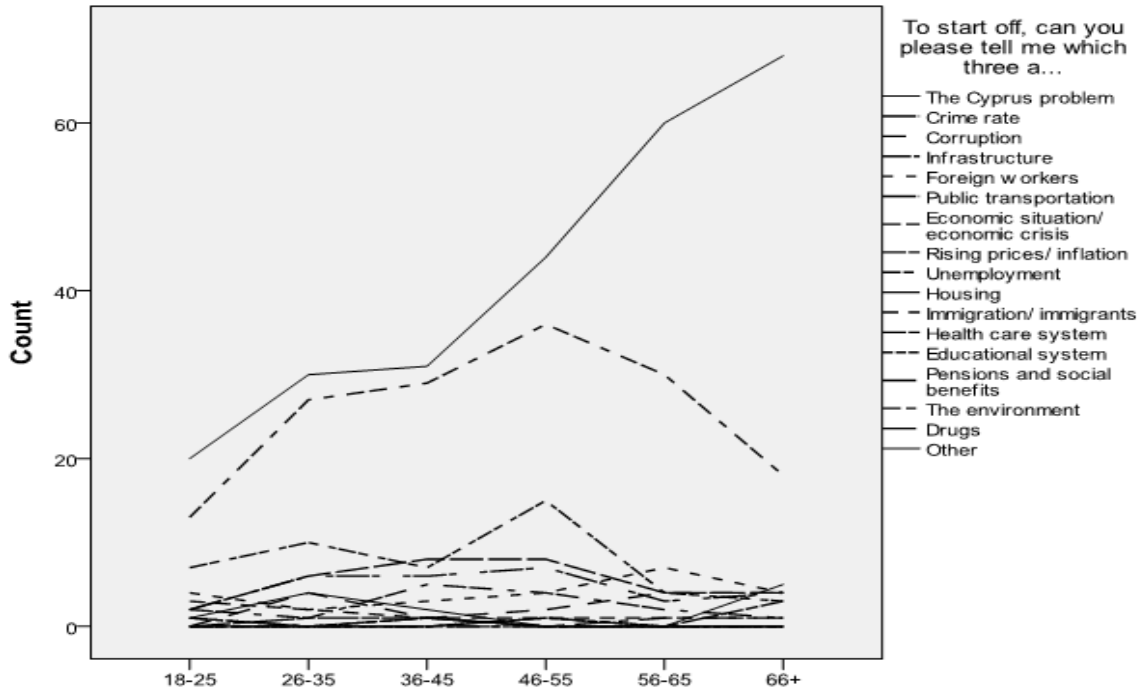




Figure 2

The importance of the Cyprus problem by age

GCC



TCC

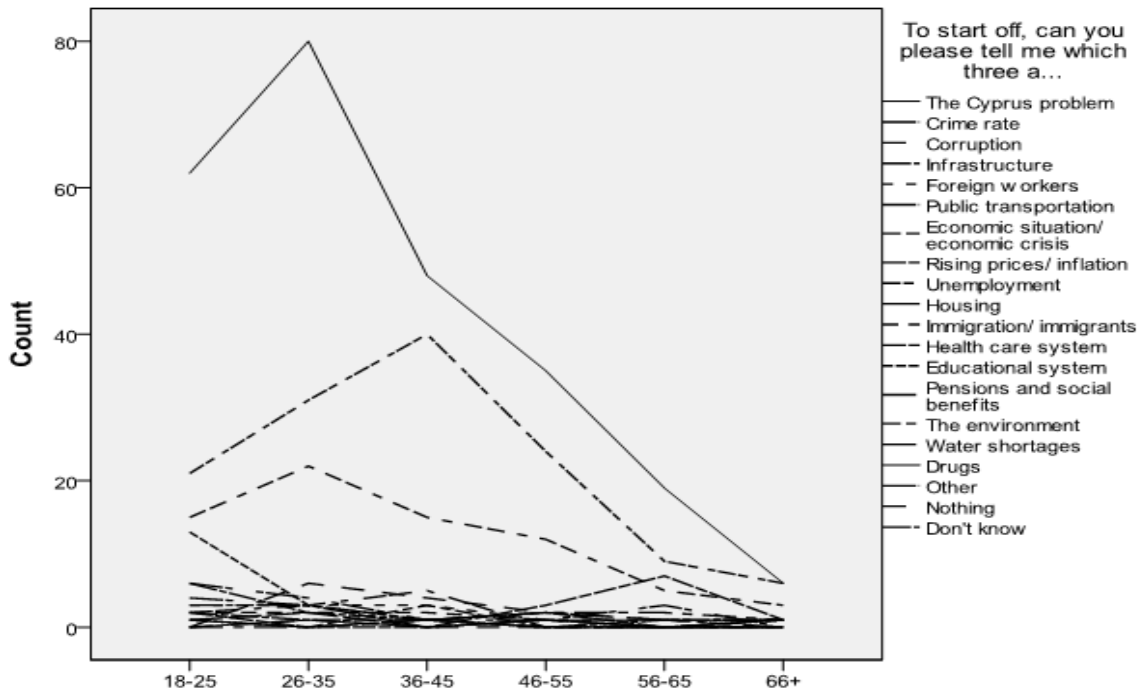
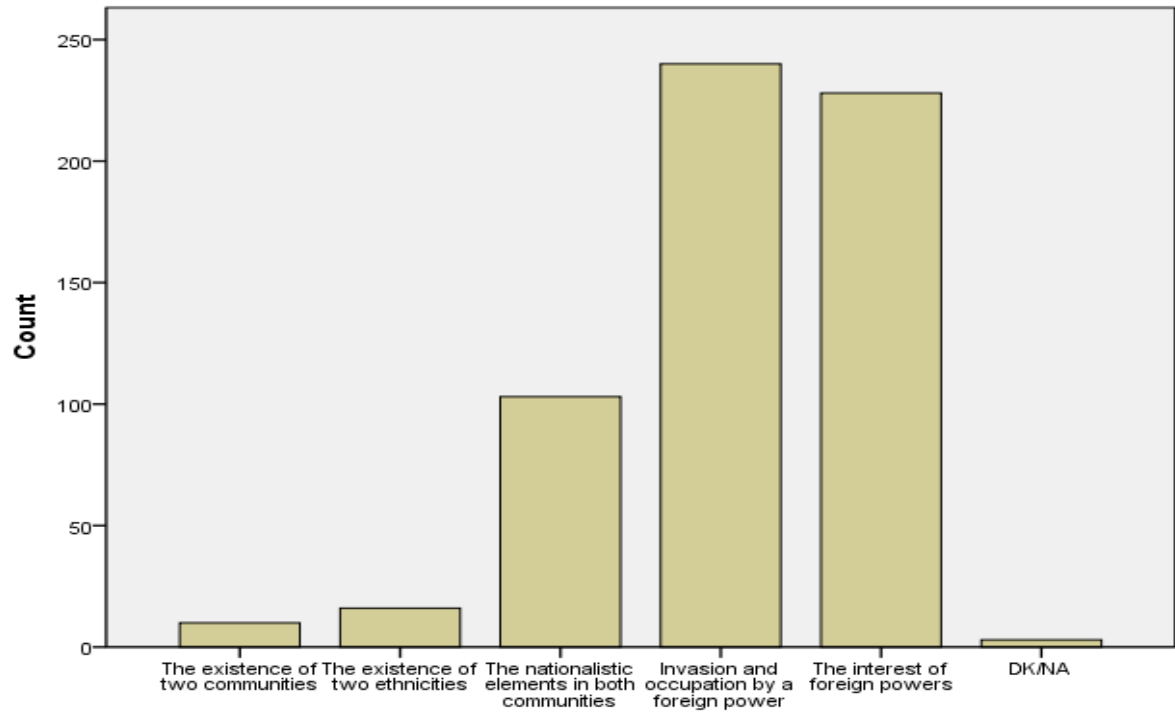


Figure 3

Do you consider the Cyprus problem to be primarily...

GCC



TCC

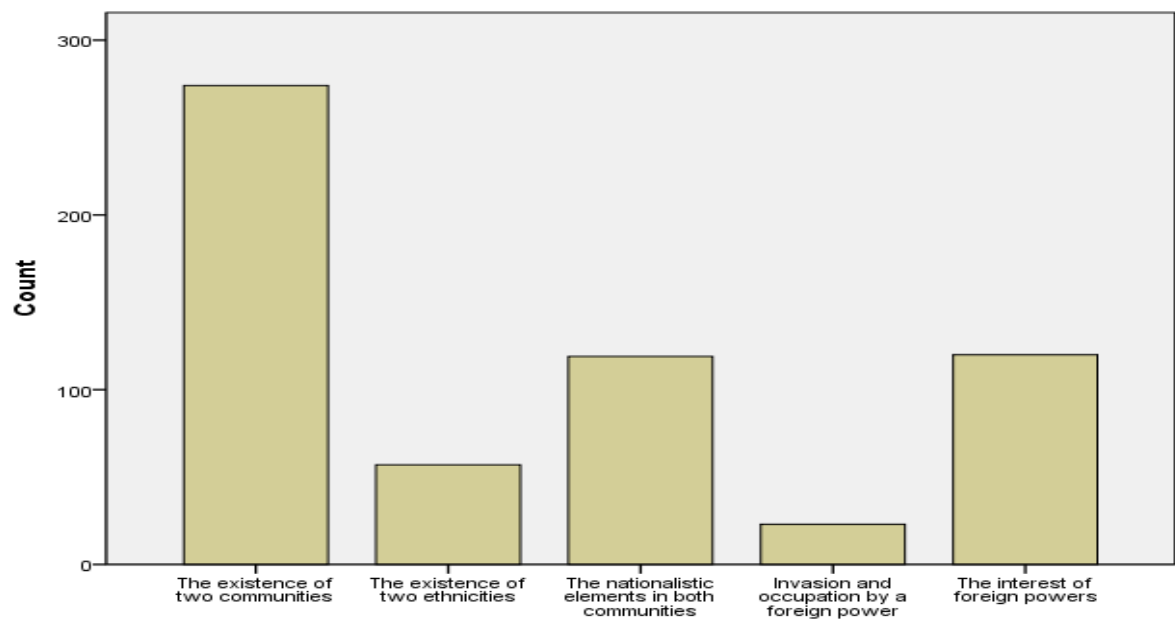


Figure 4

GCC

Since the opening of the crossing points, have you visited the other side? IF YES: How often?

	Frequency	Percent	Valid Percent	Cumulative Percent
4-5 times a week	1	.2	.2	.2
2-3 times a week	1	.2	.2	.3
Once a week	5	.8	.8	1.2
Once a month	7	1.2	1.2	2.3
Once every two months	5	.8	.8	3.2
Four times a year	18	3.0	3.0	6.2
Three times a year	11	1.8	1.8	8.0
Twice a year	49	8.2	8.2	16.2
Less often	140	23.3	23.3	39.5
I only ever visited once	149	24.8	24.8	64.3
No/ Never	214	35.7	35.7	100.0
Total	600	100.0	100.0	

Figure 5

TCC

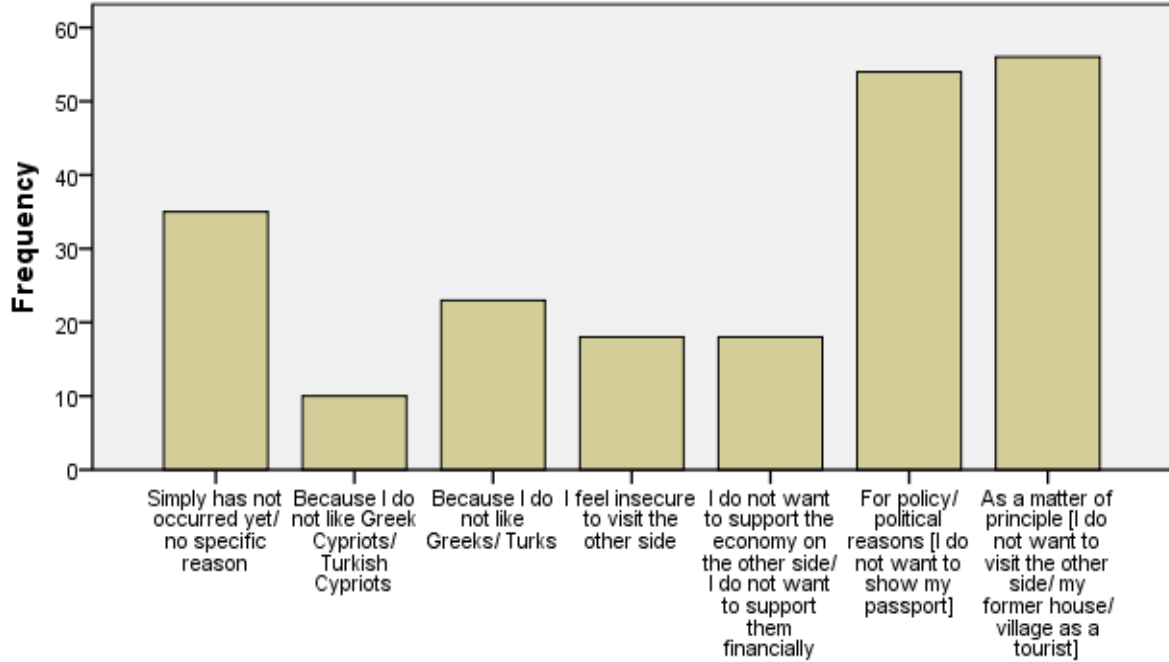
**Since the opening of the crossing points, have you visited the other side? IF YES: How often?**

	Frequency	Percent	Valid Percent	Cumulative Percent
Daily	7	1.2	1.2	1.2
4-5 times a week	5	.8	.8	2.0
2-3 times a week	11	1.8	1.9	3.9
Once a week	17	2.8	2.9	6.8
Three times a month	34	5.7	5.7	12.5
Once every two weeks	8	1.3	1.4	13.9
Once a month	45	7.5	7.6	21.5
Once every two months	38	6.3	6.4	27.9
Four times a year	35	5.8	5.9	33.8
Three times a year	29	4.8	4.9	38.7
Twice a year	43	7.2	7.3	45.9
Less often	22	3.7	3.7	49.7
I only ever visited once	32	5.3	5.4	55.1
No/Never	266	44.3	44.9	100.0
Total	592	98.7	100.0	
Missing	8	1.3		
Total	600	100.0		

Figure 6

Are there some specific reasons for which you haven't visited the other side?

GCC



TCC

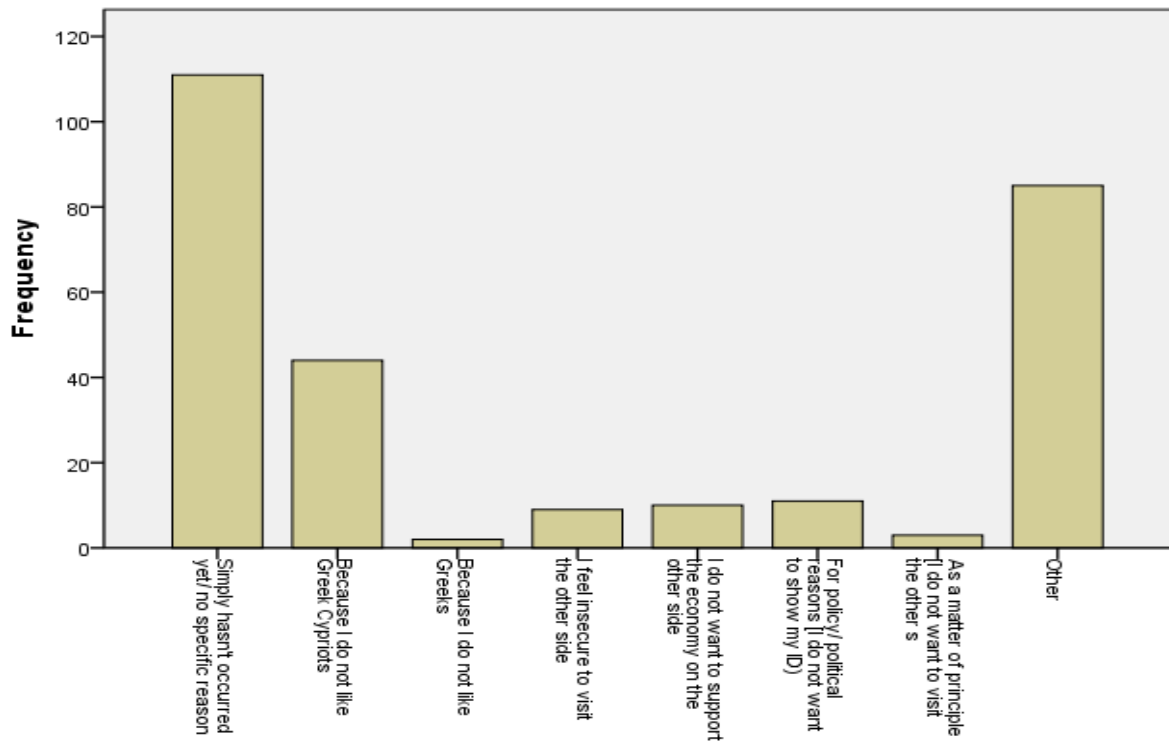
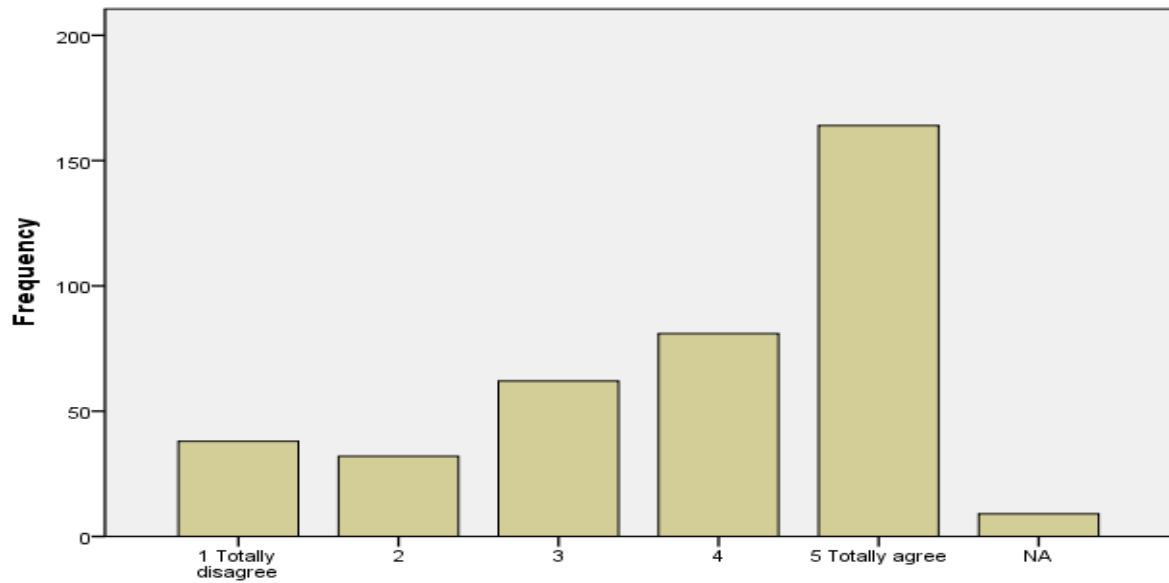


Figure 7

The emotional effect of crossing to the other side left me feeling sad and with negative feelings so I stopped visiting.

GCC



TCC

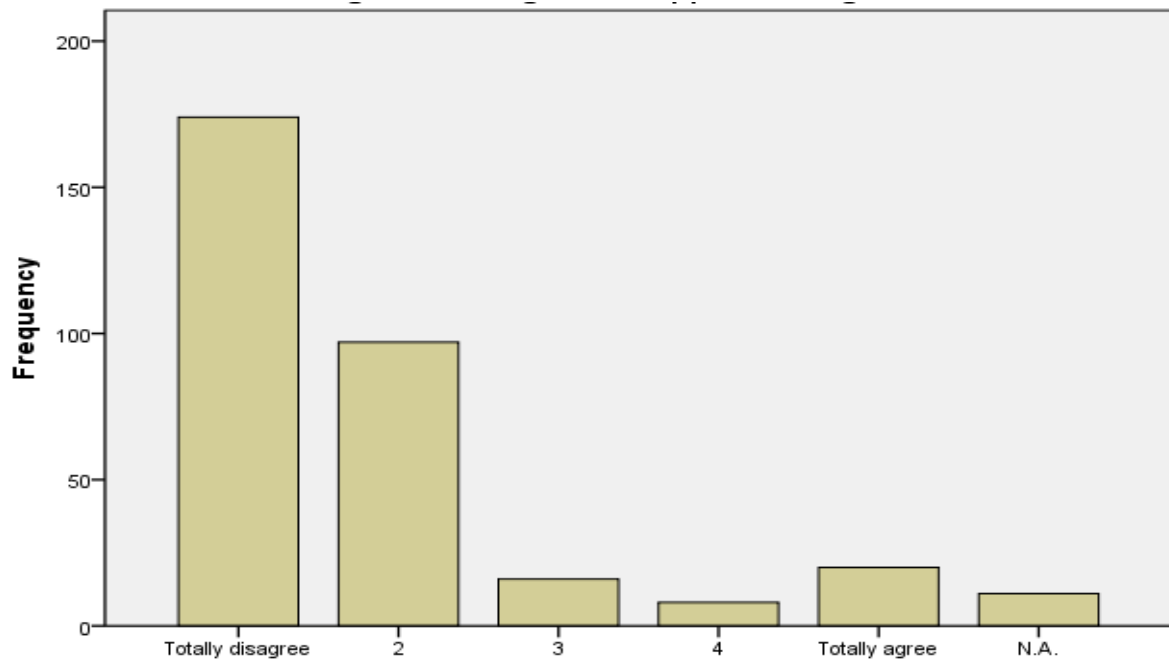
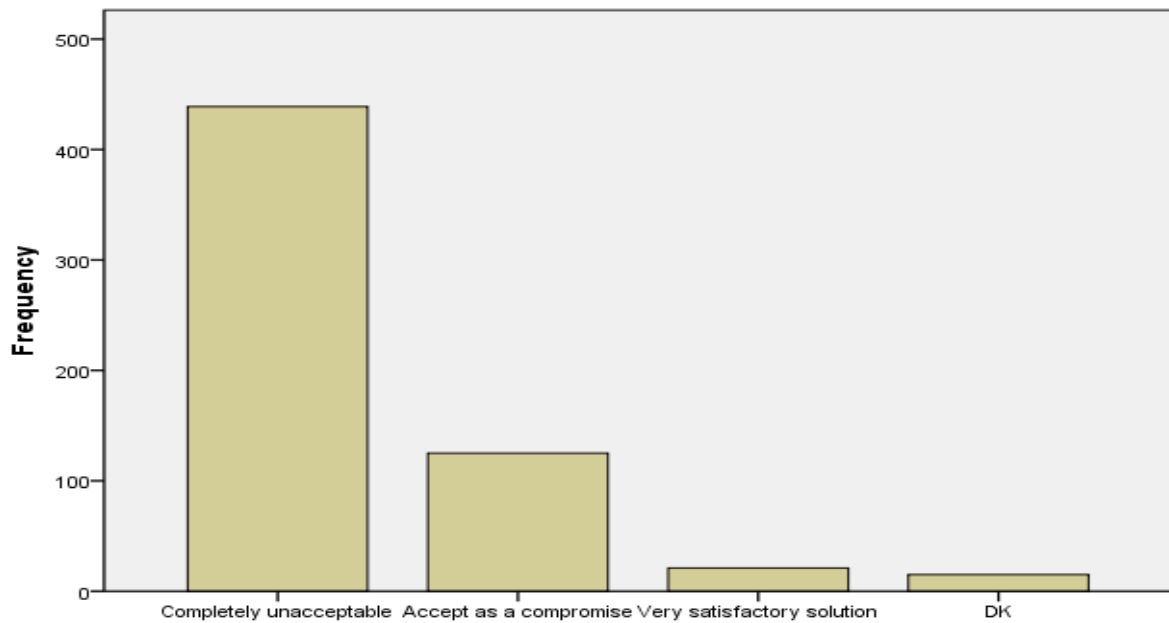


Figure 8

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- Status quo with open crossing points

GCC



TCC

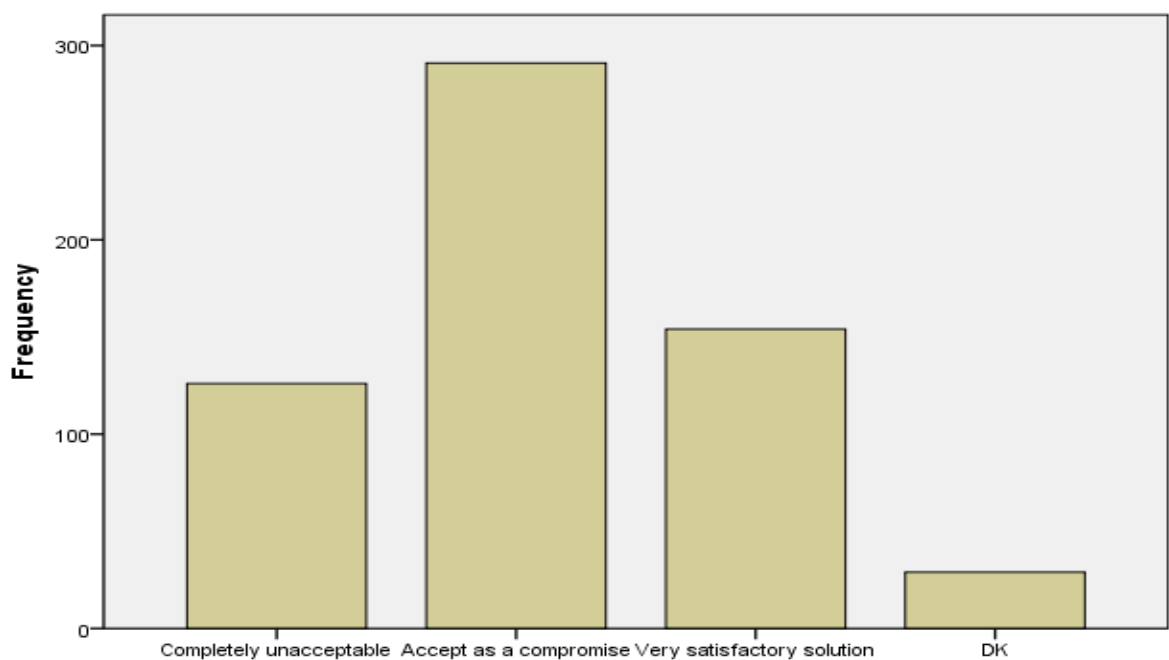
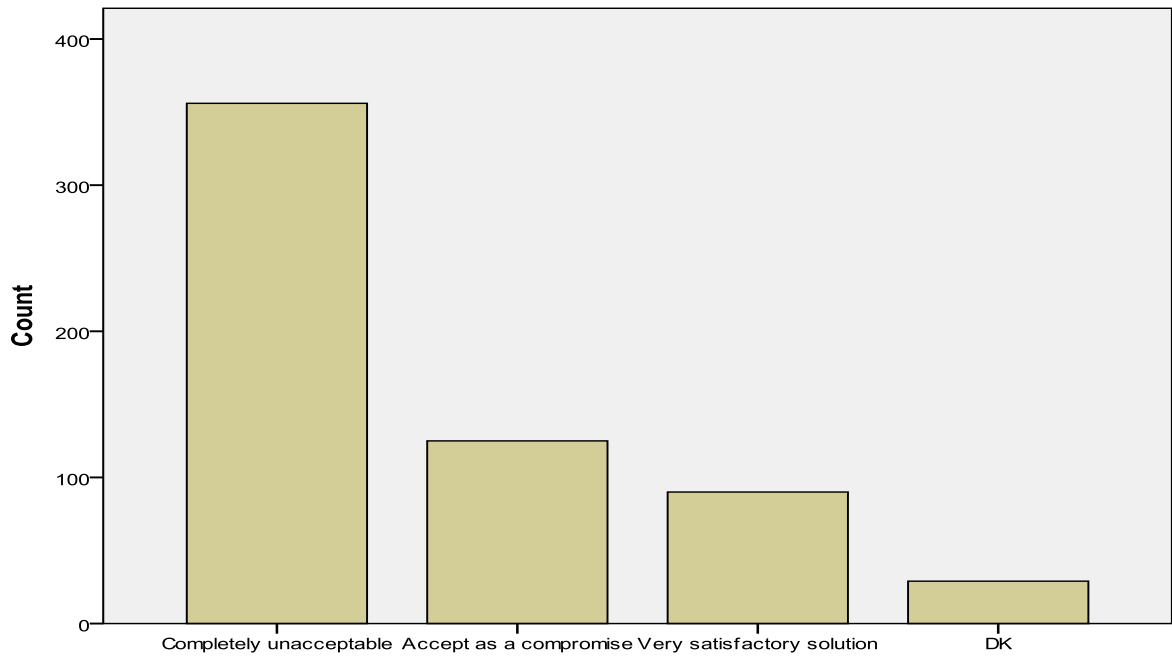


Figure 9

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- Status quo with closed crossing points

GCC



TCC

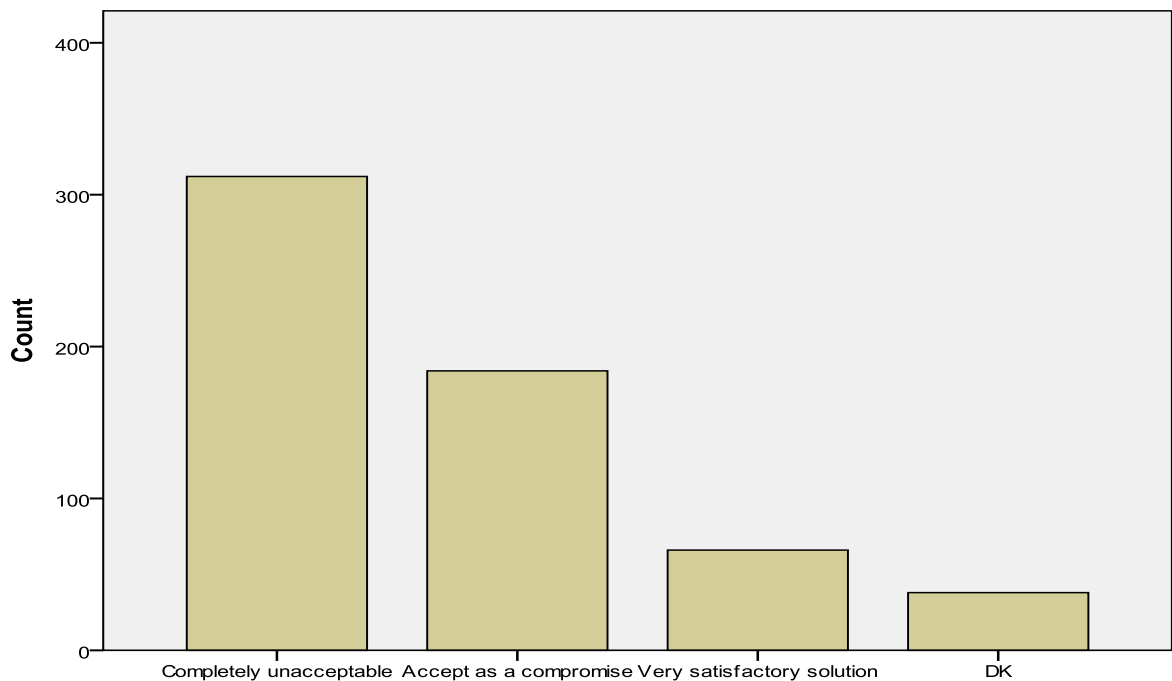


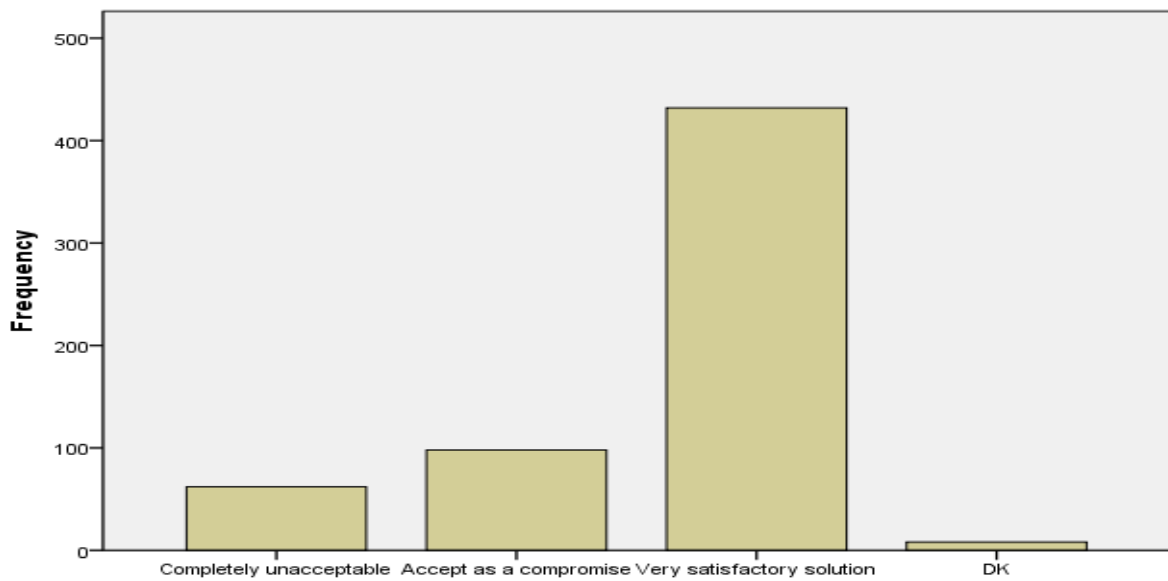


Figure 10

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- One unitary state with equal rights for all Cypriot citizens

GCC



TCC

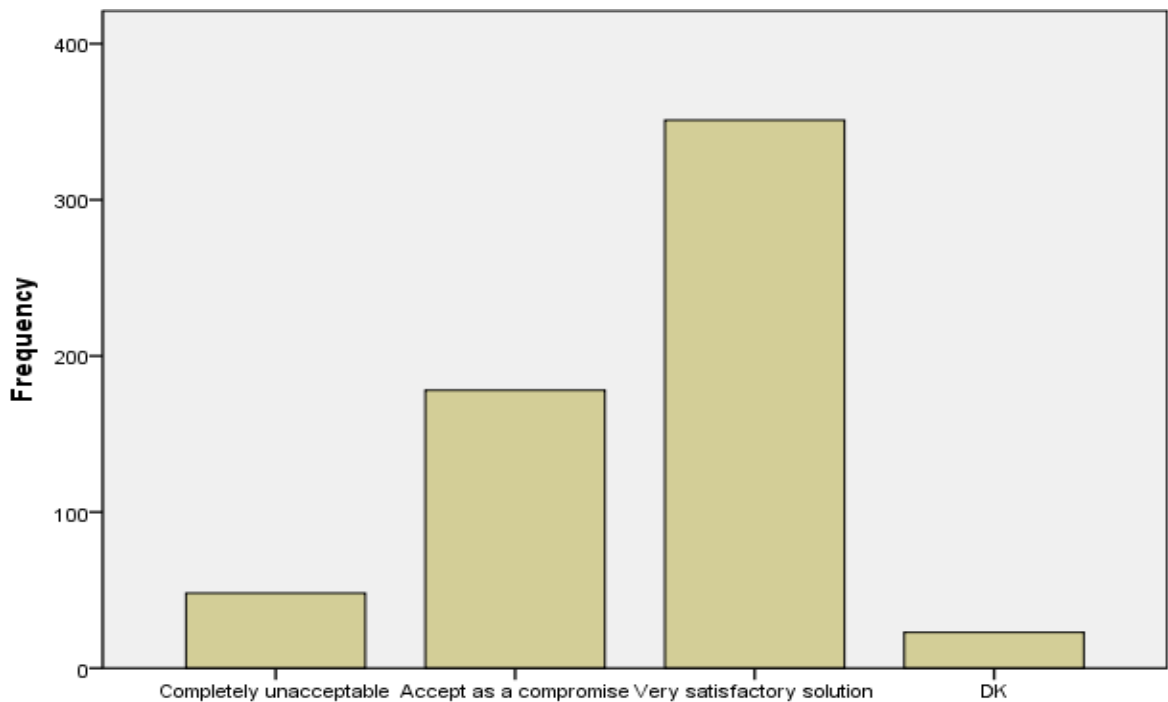
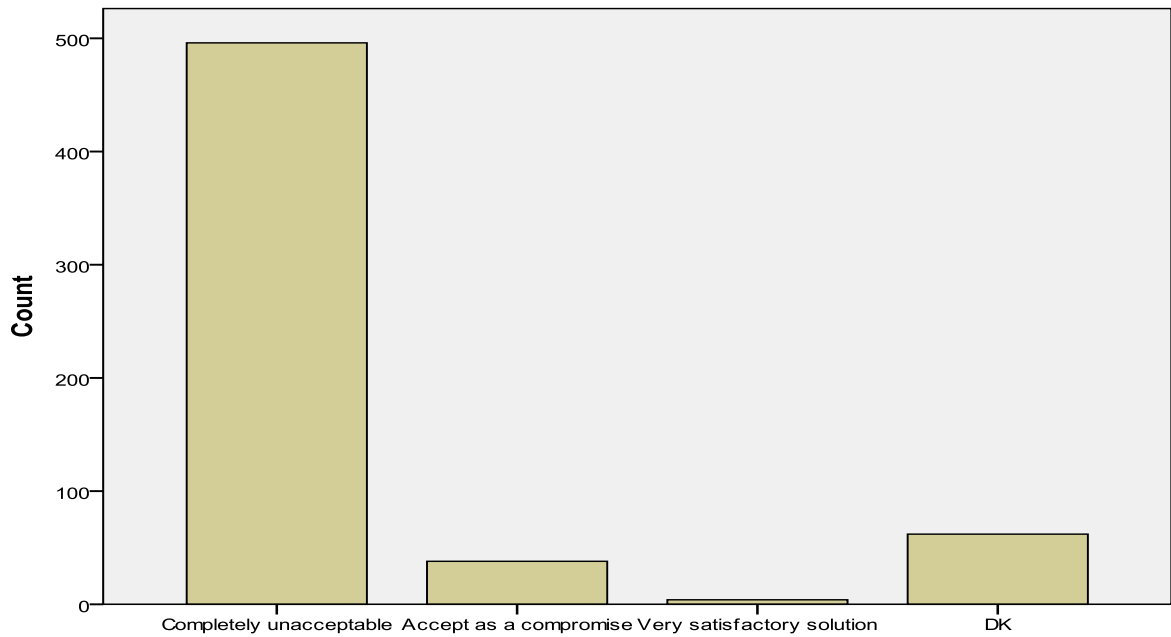


Figure 11

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- A federal solution with a weak central government and two strong constituent states.

GCC



TCC

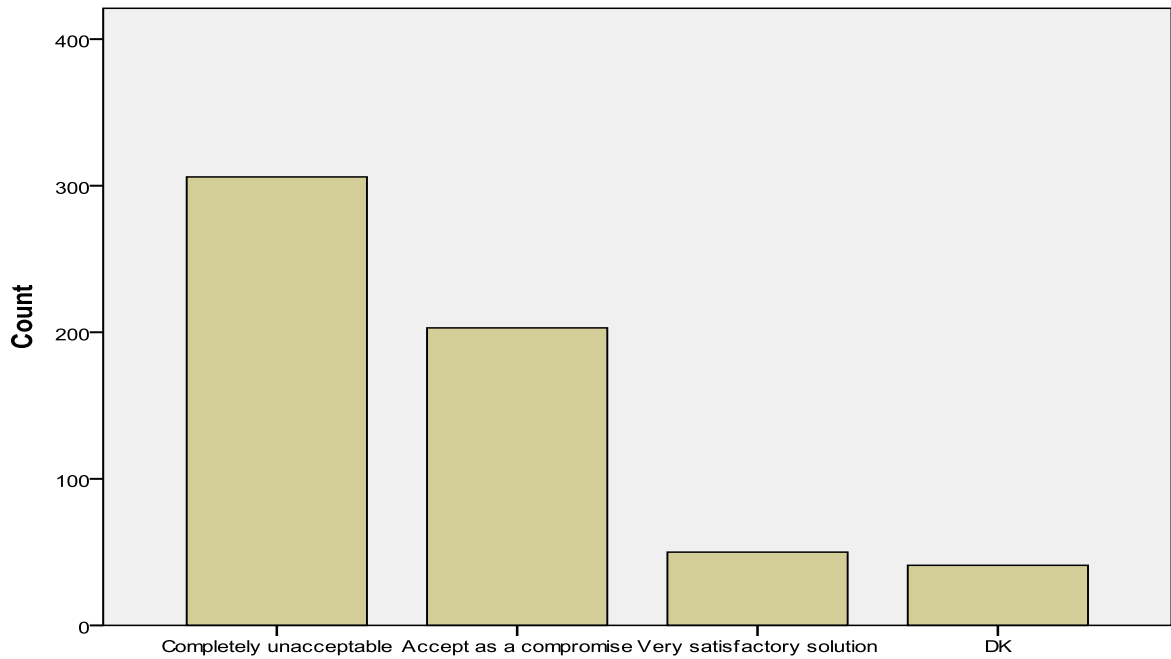
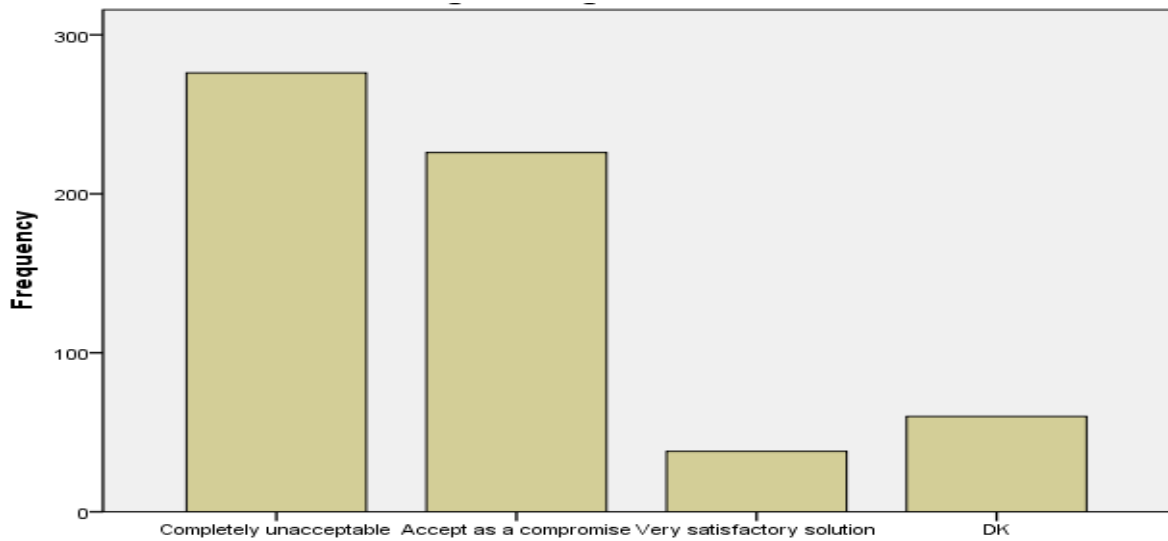


Figure 12

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- A federal solution with a strong central government and two weak constituent states.

GCC



TCC

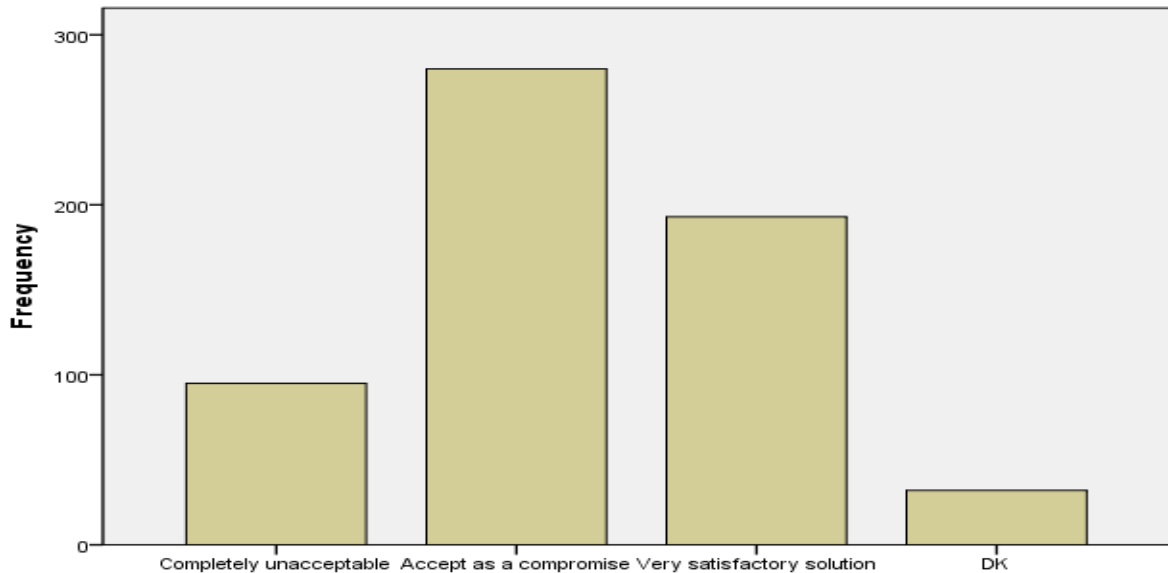
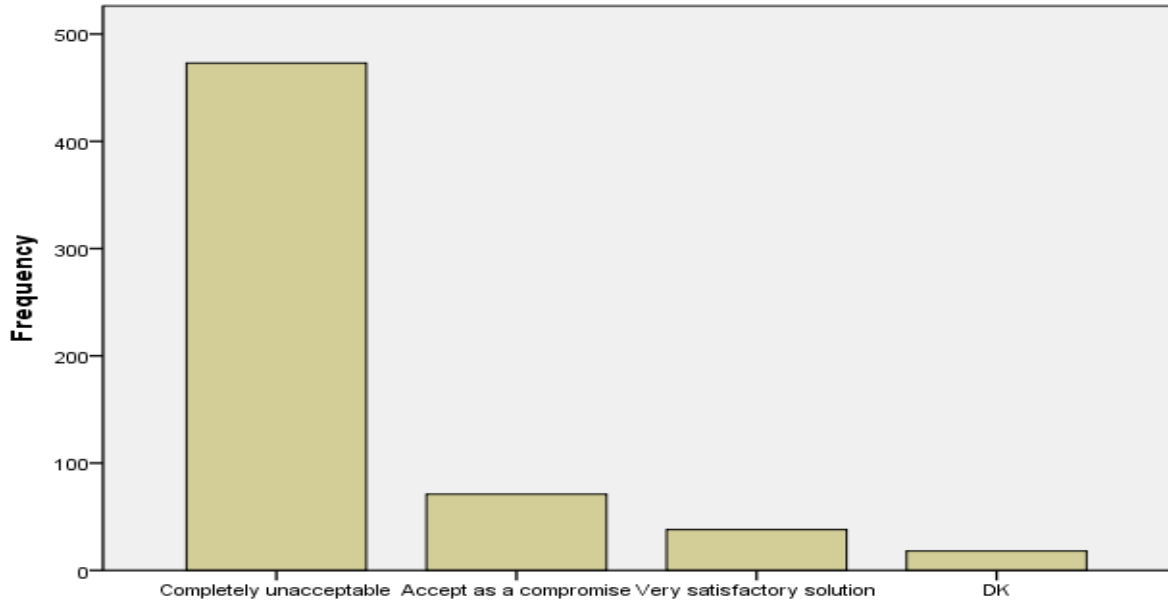


Figure 13

What is your position on the following possible forms of solution to the Cyprus issue? Do you completely reject it, ACCEPT it as a compromise, or consider it very satisfactory?

- Two independent, internationally recognised states.

GCC



TCC

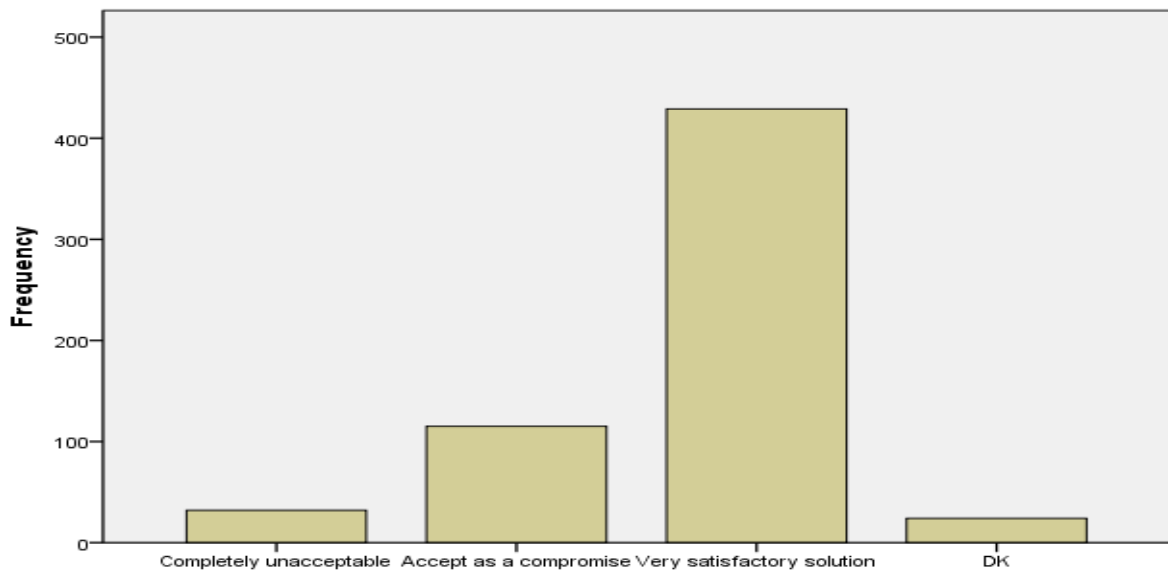
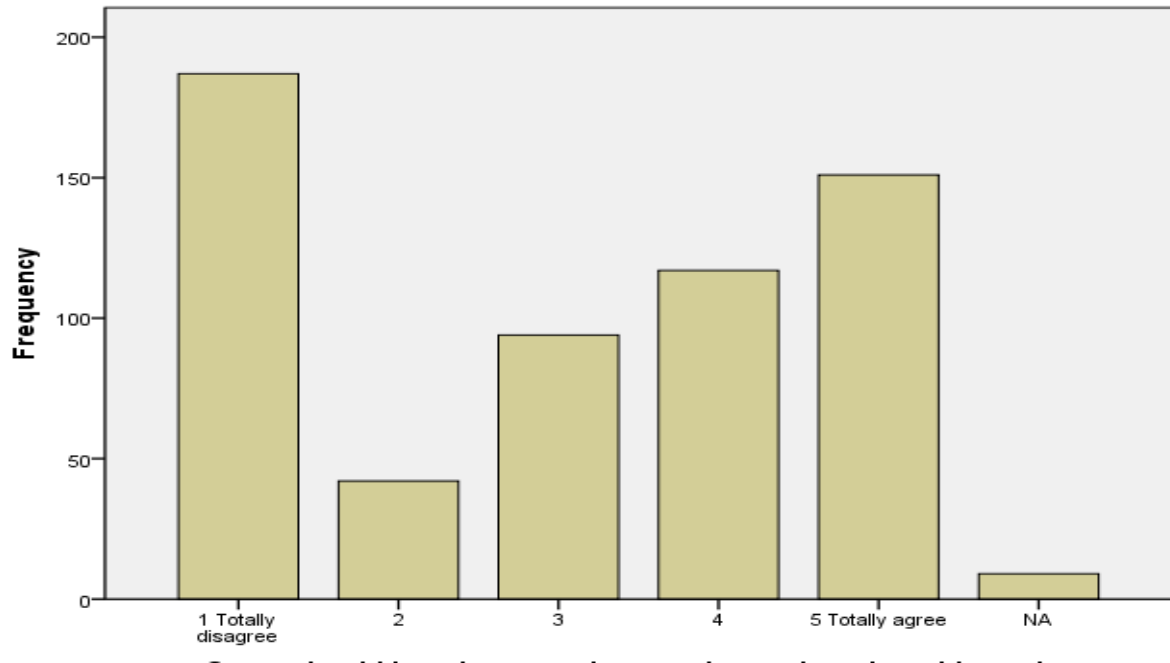


Figure 14

Steps should be taken to make crossing to the other side easier

GCC



TCC

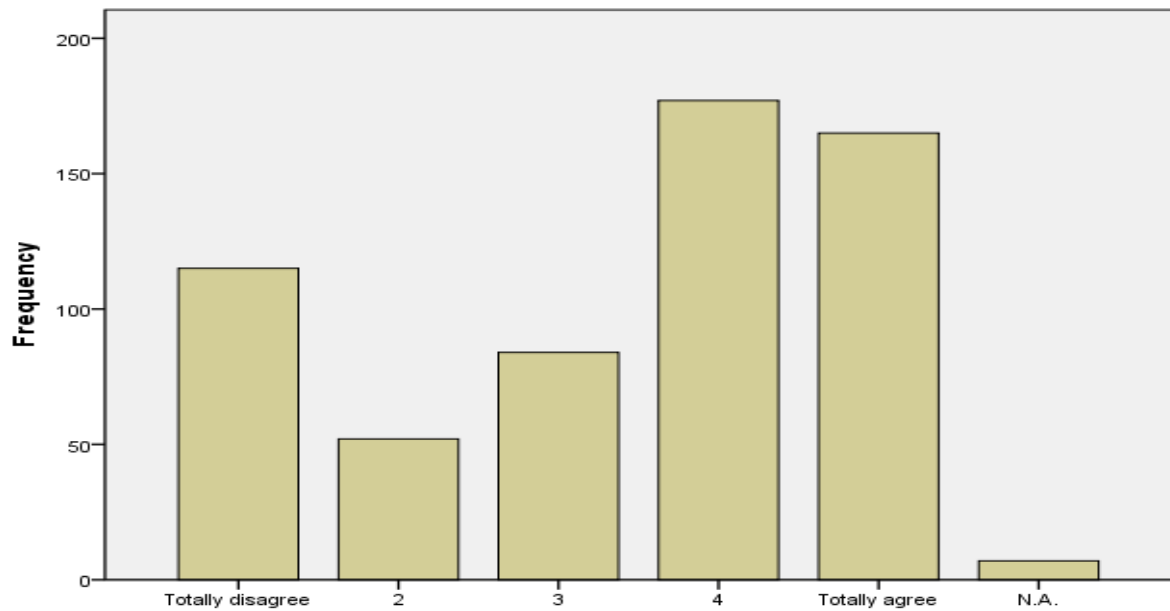
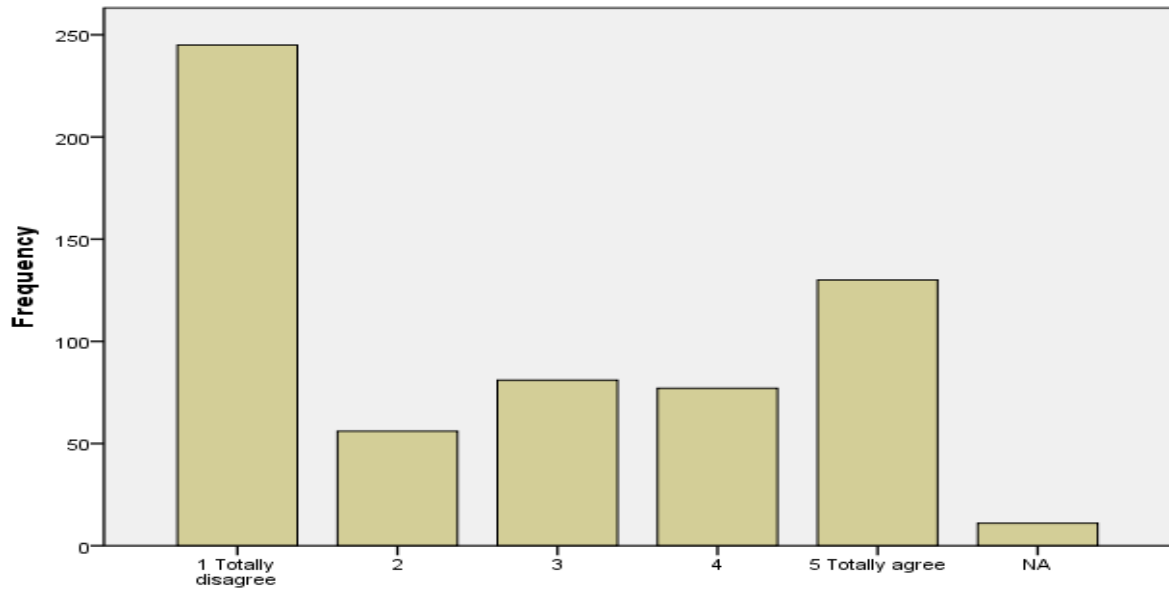


Figure 15

I would like to see more crossing points opening in the near future

GCC



TCC

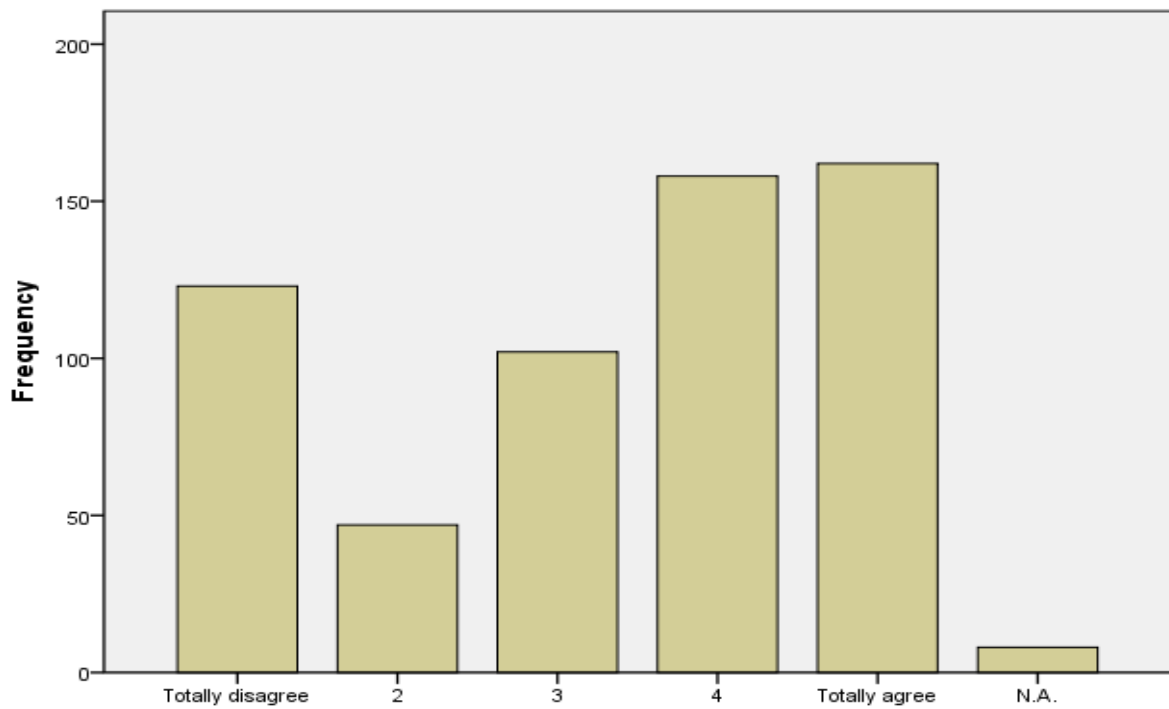
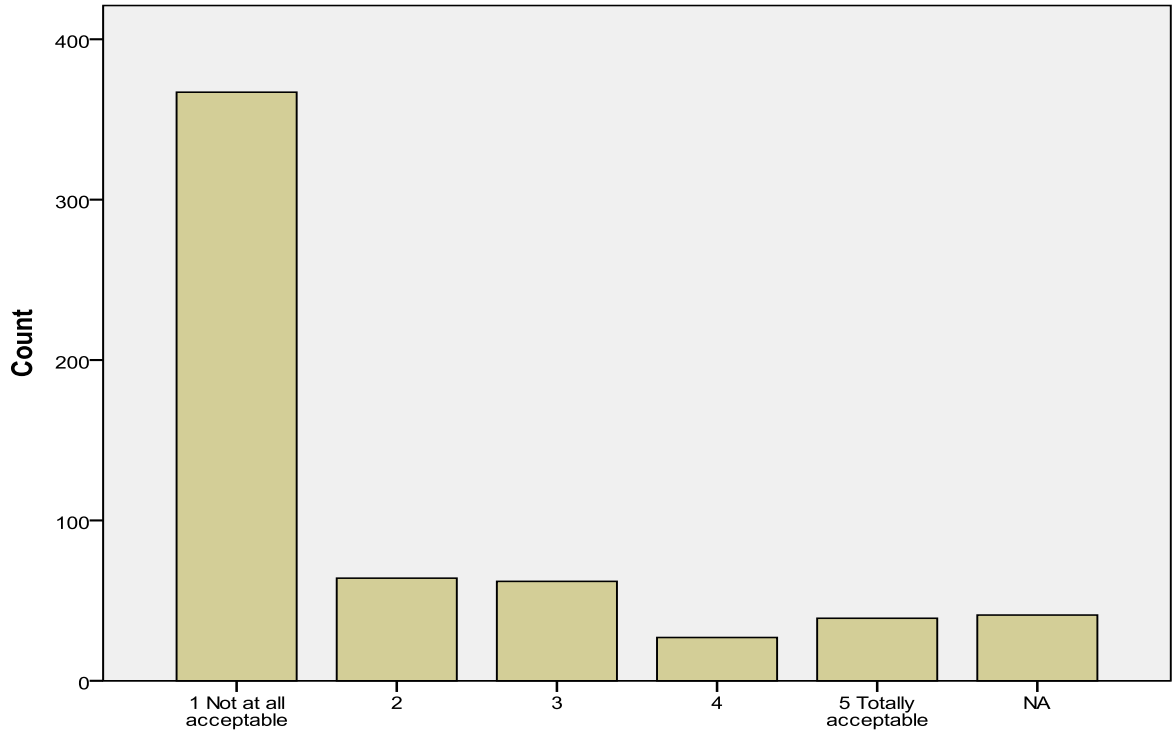


Figure 16

On a scale of 1 to 5, where 1 means "Not at all acceptable" and 5 means "totally acceptable" how acceptable or unacceptable would it be for you personally to recognise degrees and qualifications from schools on the other side?

GCC



TCC

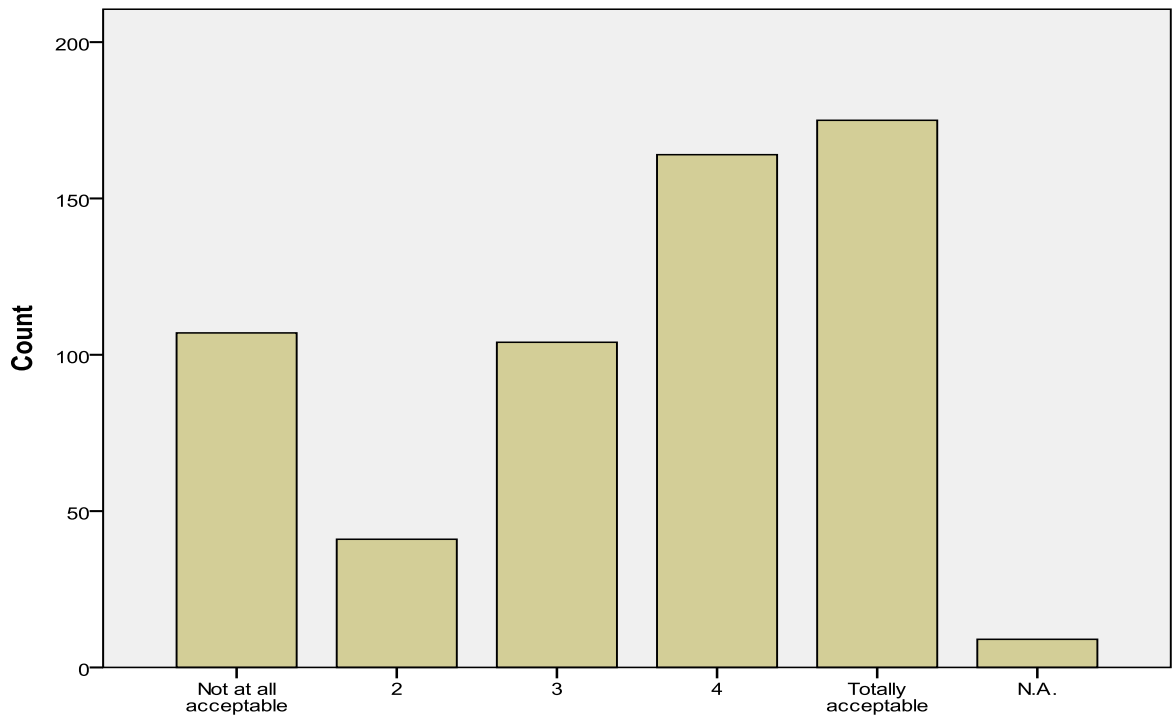
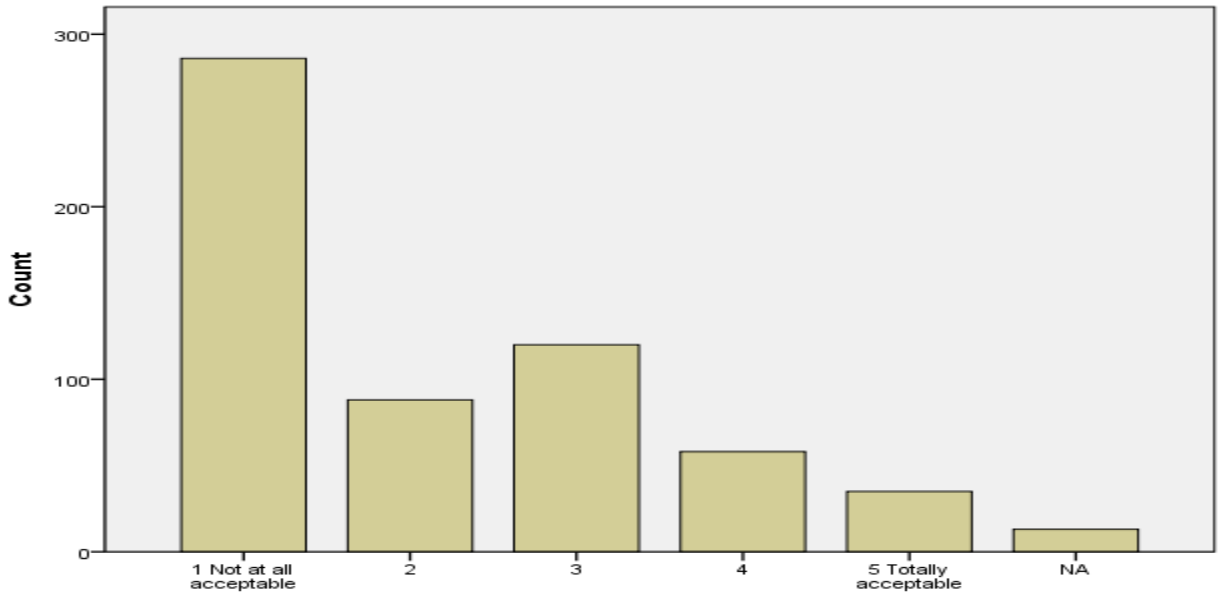


Figure 17

On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you personally to buy goods and services from *TC* companies and people

GCC



On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you personally to buy goods and services from *GC* companies and people

TCC

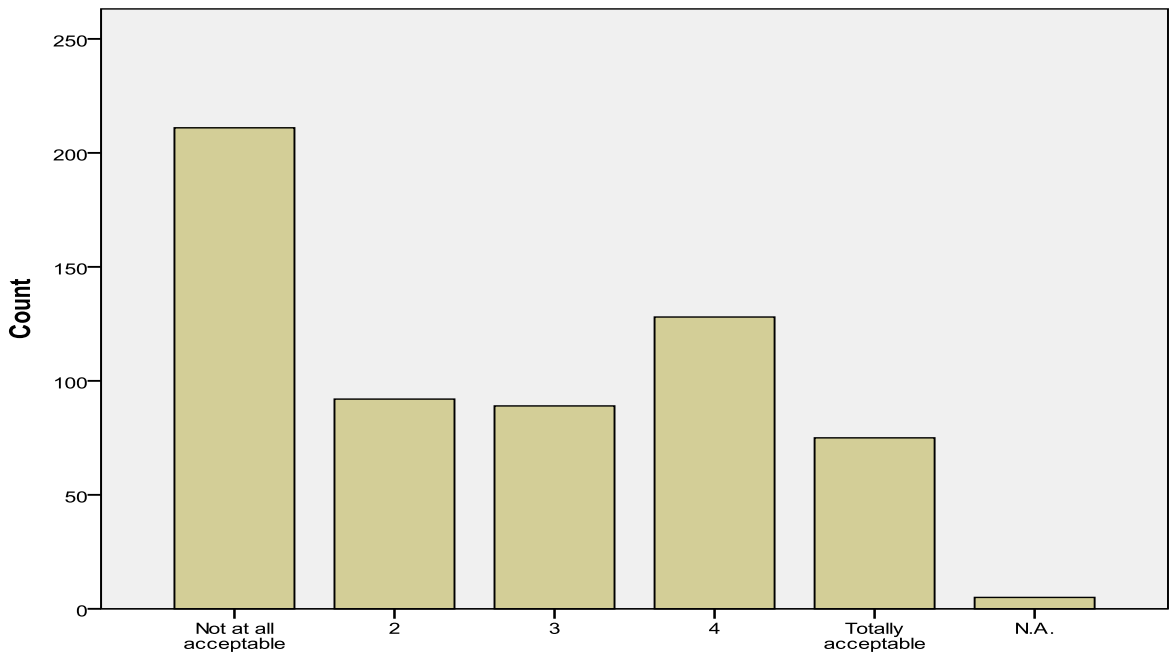
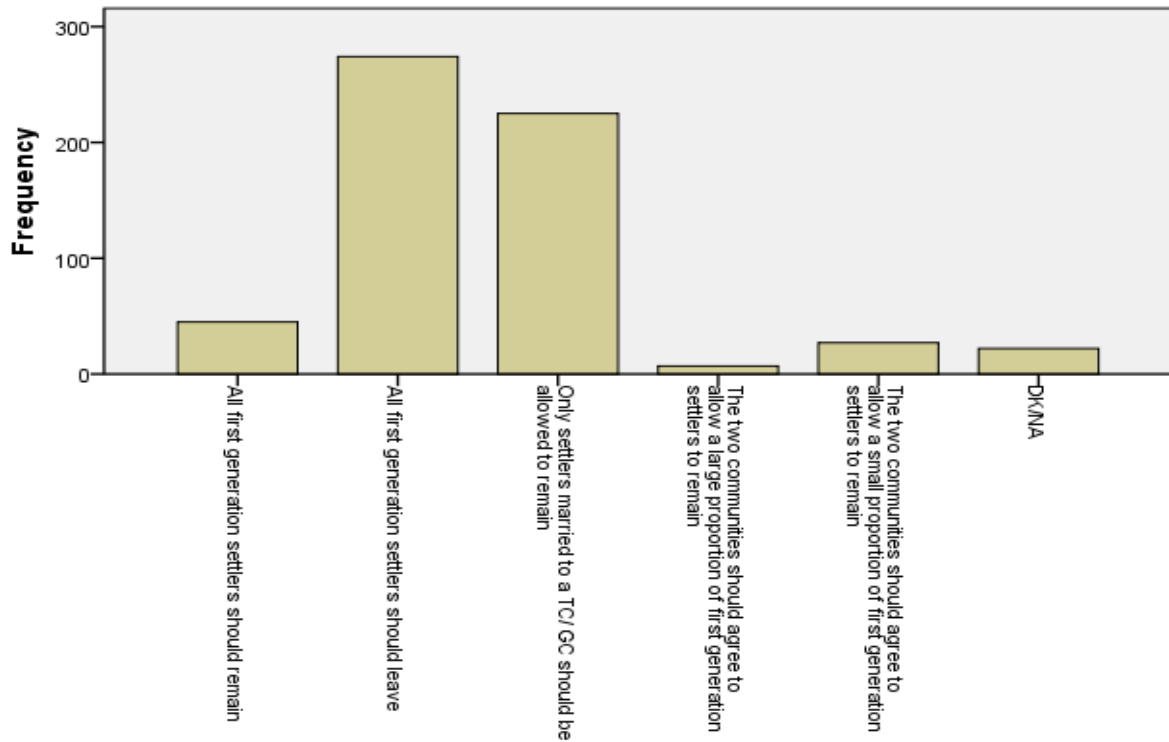




Figure 18

Which of the following statements comes closer to your opinion with respect to what should happen with first generation settlers from Turkey to TRNC/occupied areas following a settlement?

GCC



TCC

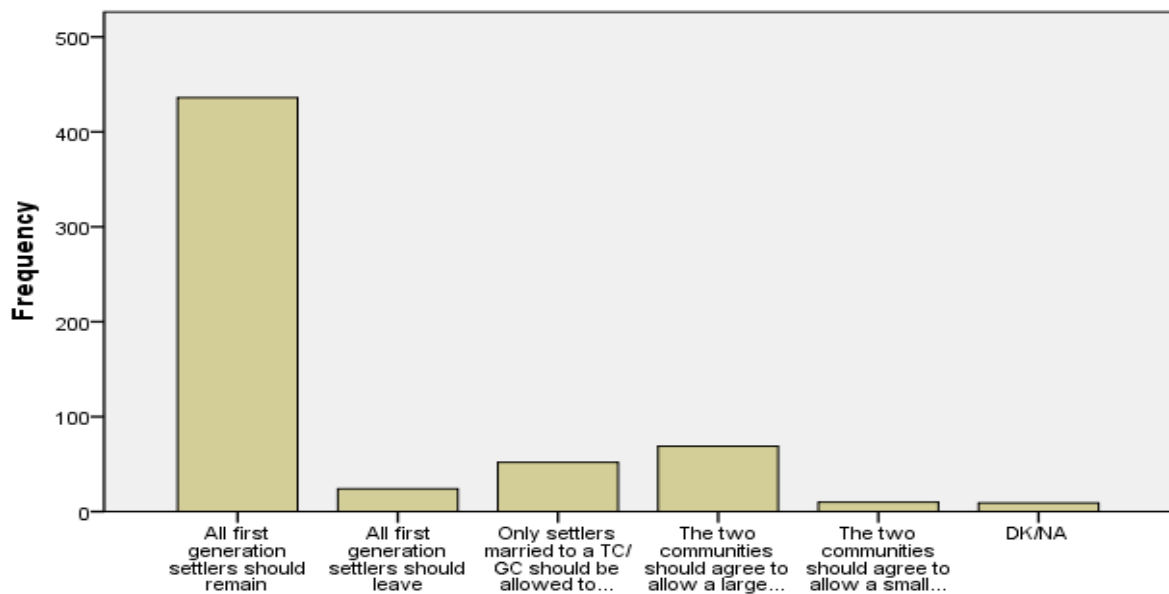
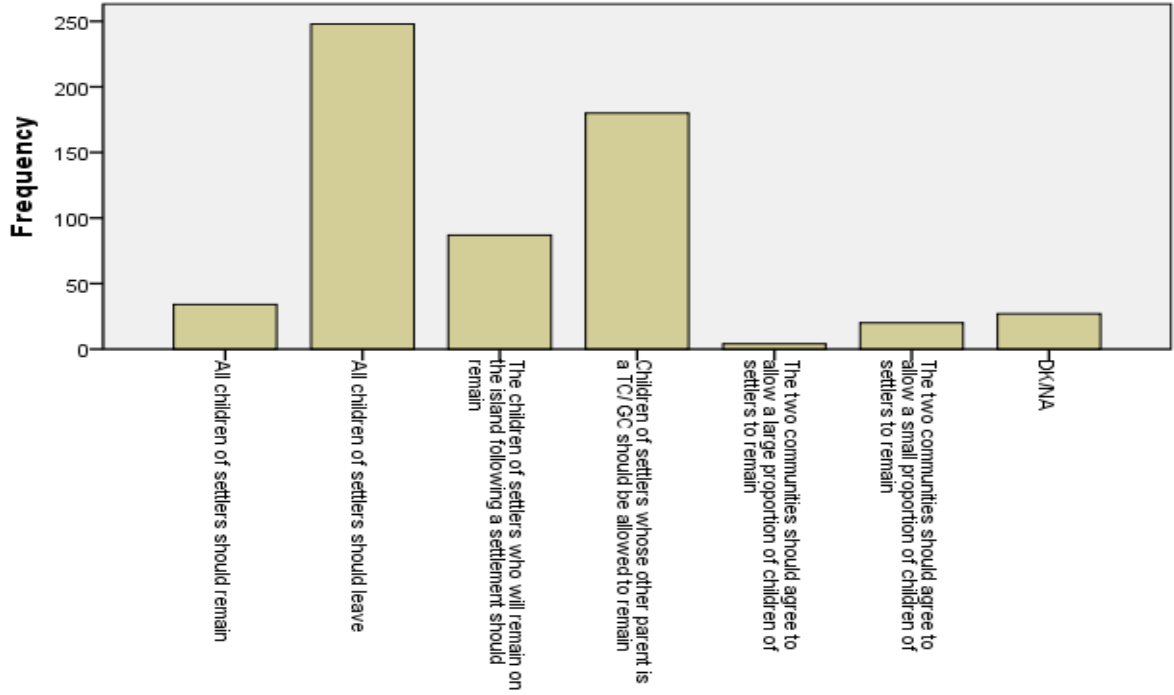


Figure 19

Which of the following statements comes closer to your opinion with respect to what should happen with the children of settlers from Turkey to TRNC/occupied areas following a settlement?

GCC



TCC

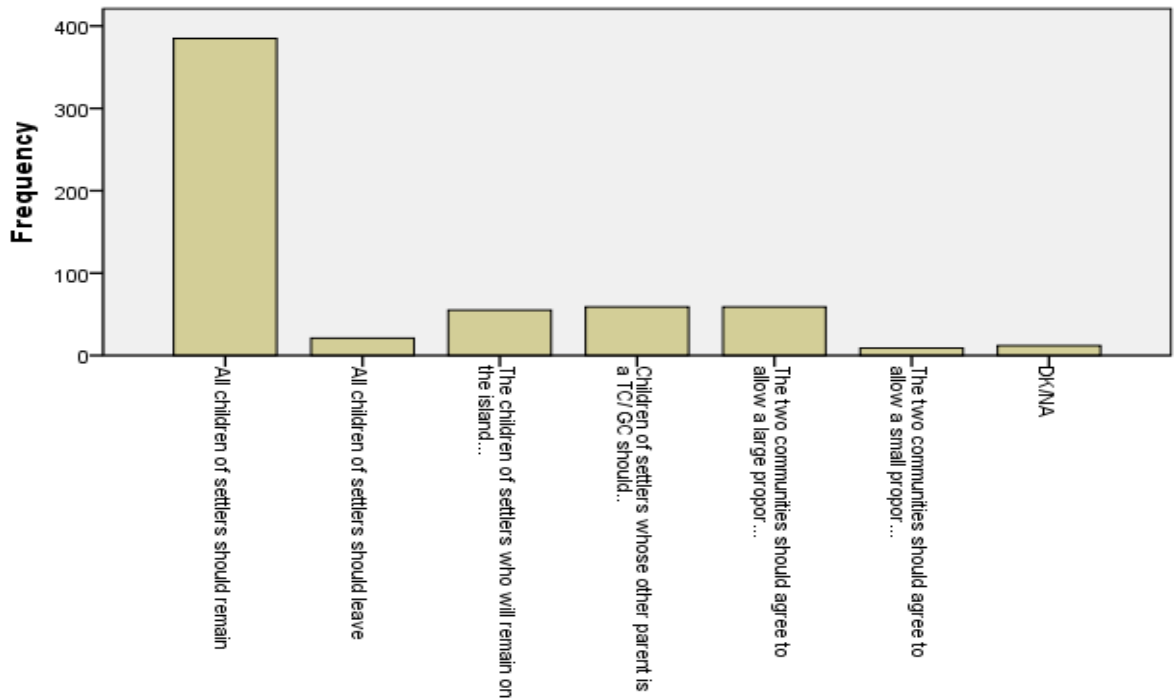
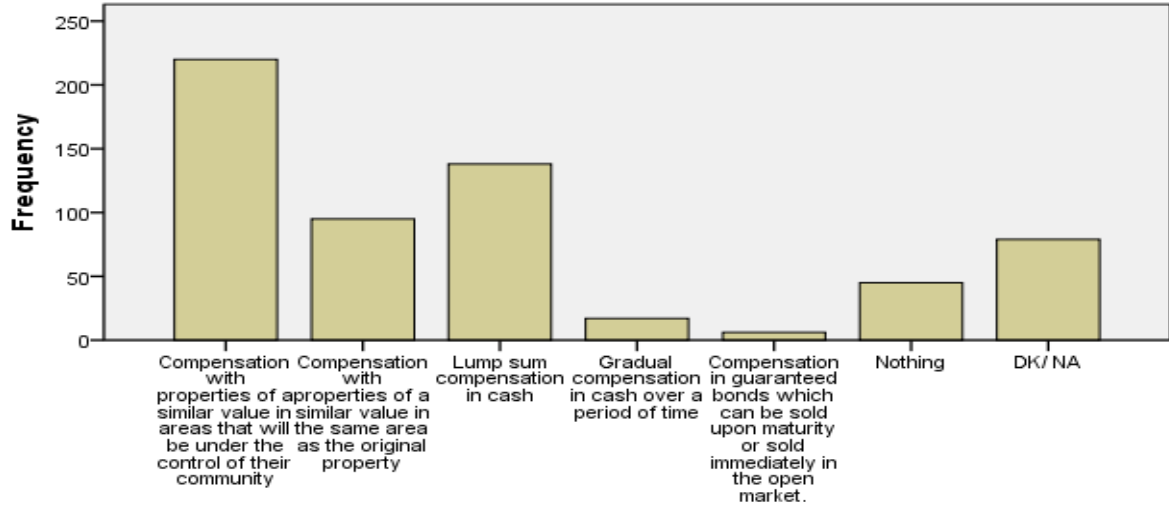


Figure 20

Given that a compromise between the two communities is reached, what do you believe is the most appropriate course of action for compensating people who will not be returning to their properties?

GCC



TCC

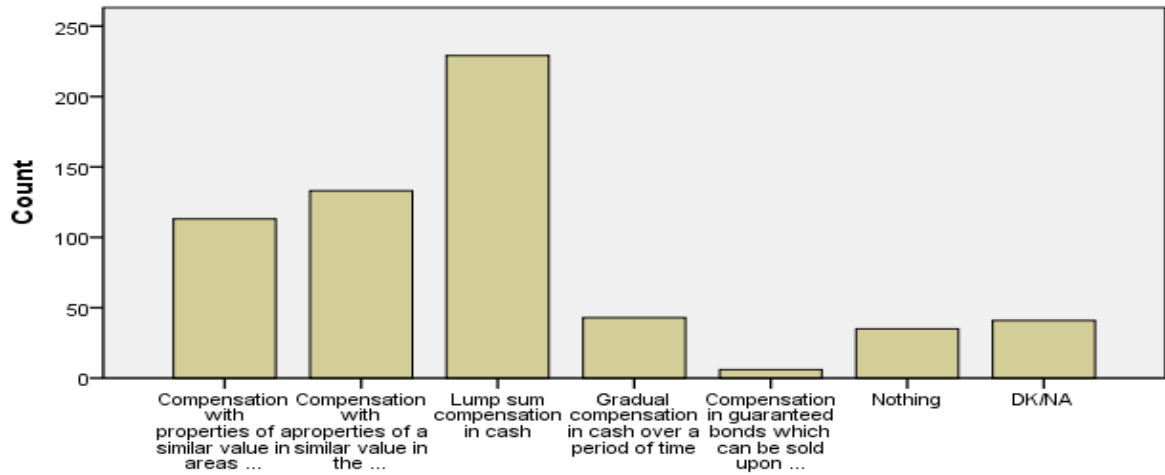
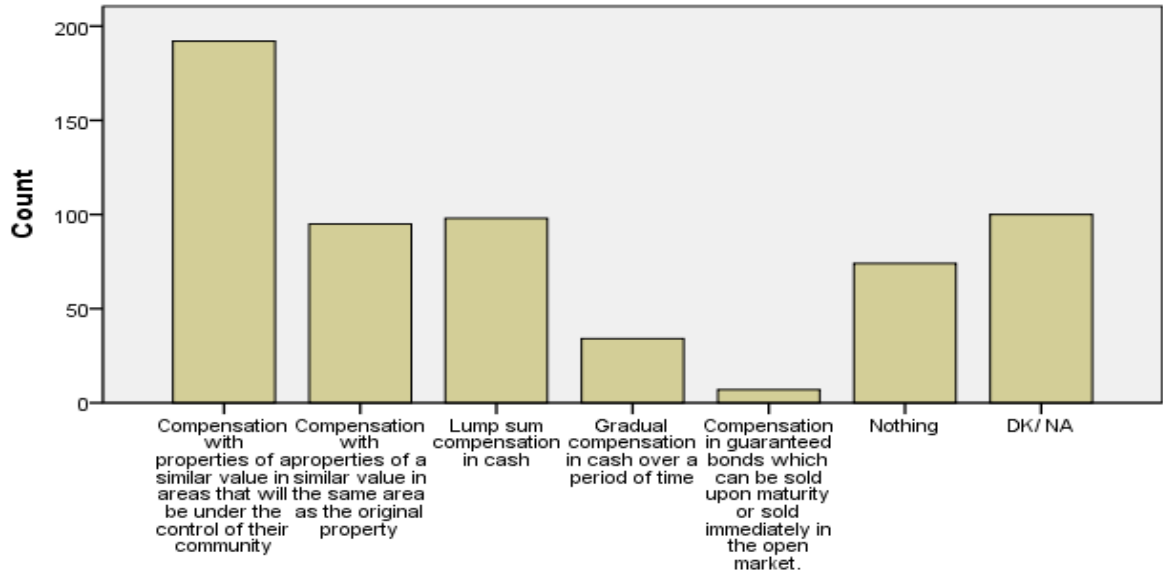


Figure 21

And with respect to the people who will have to move out of properties they are currently using because they will be returned to the original owners? What do you believe is the most appropriate course of action for compensating these people?

GCC



TCC

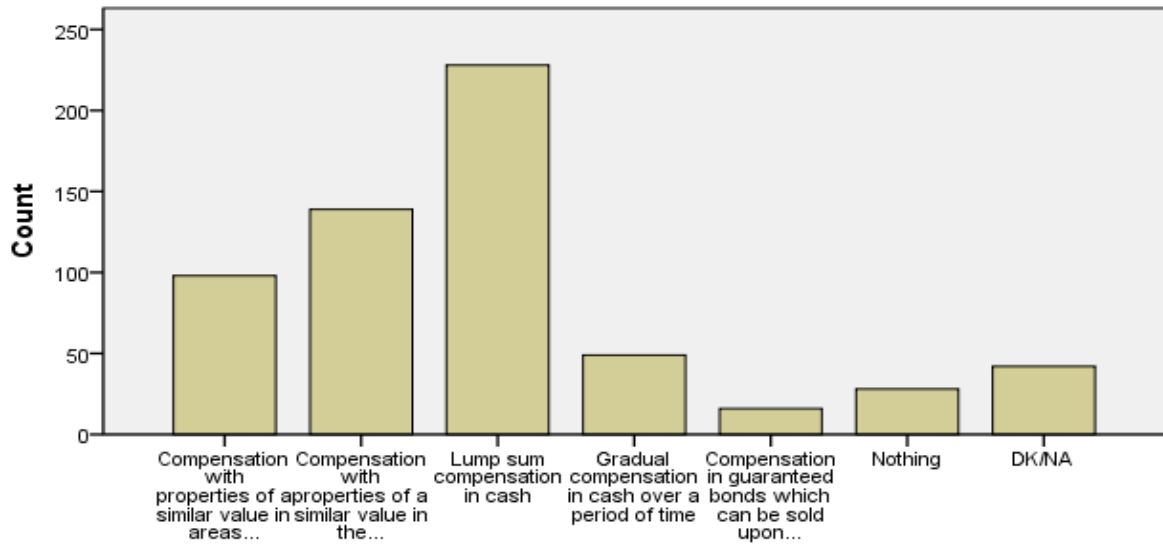
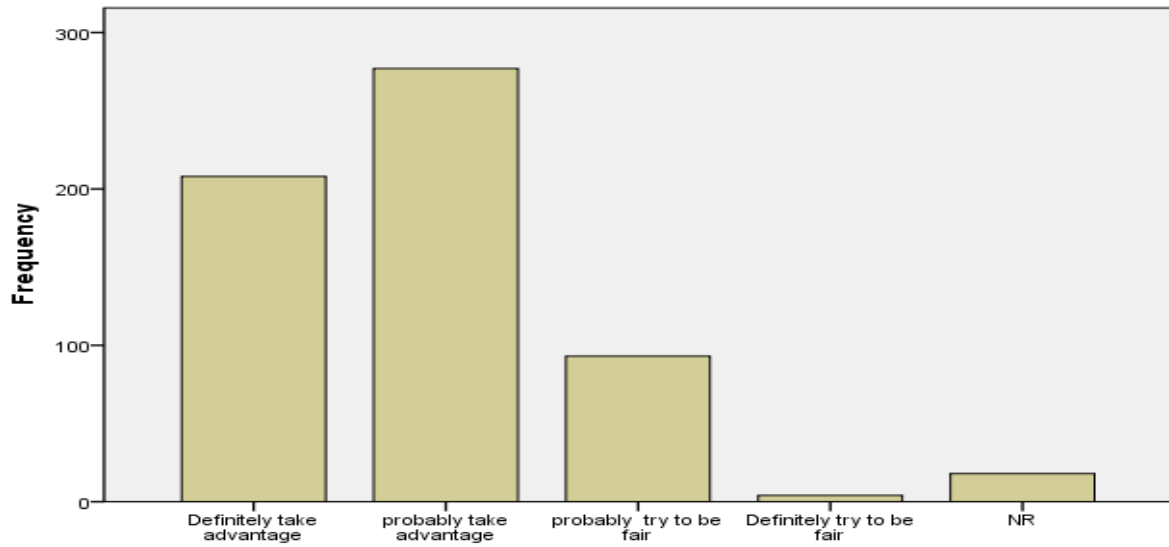


Figure 22

Do you think most people in general would try to take advantage of you if they got a chance, or would they try to be fair?

GCC



TCC

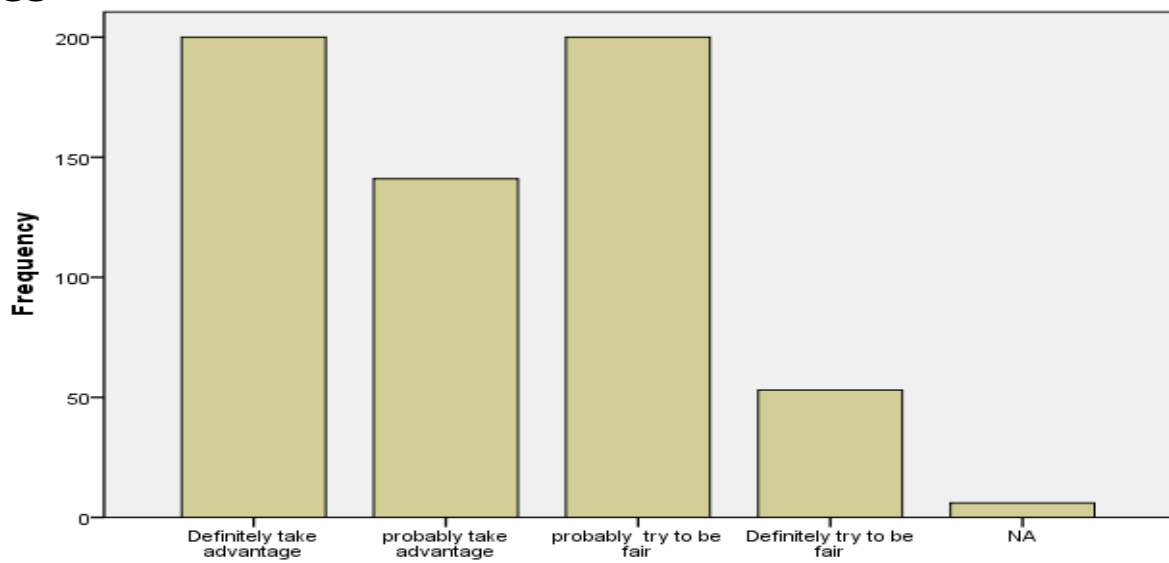
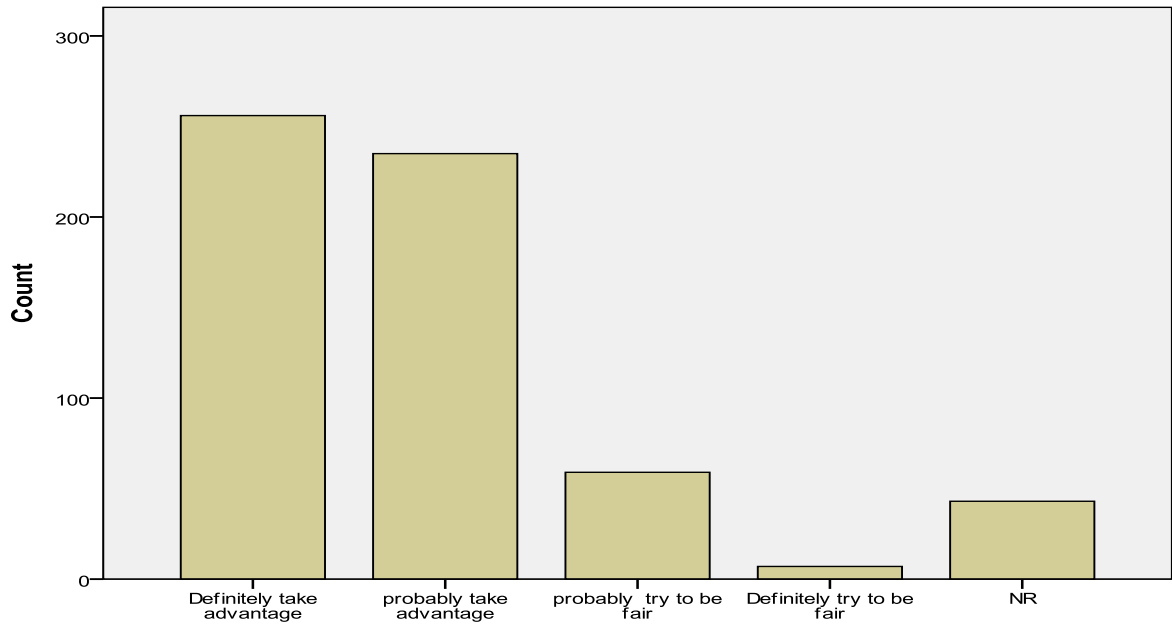


Figure 23

**GCC: Do you think most TCs would try to take advantage of you if they got a chance, or would they try to be fair?**



**TCC: Do you think most GCs would try to take advantage of you if they got a chance, or would they try to be fair?**

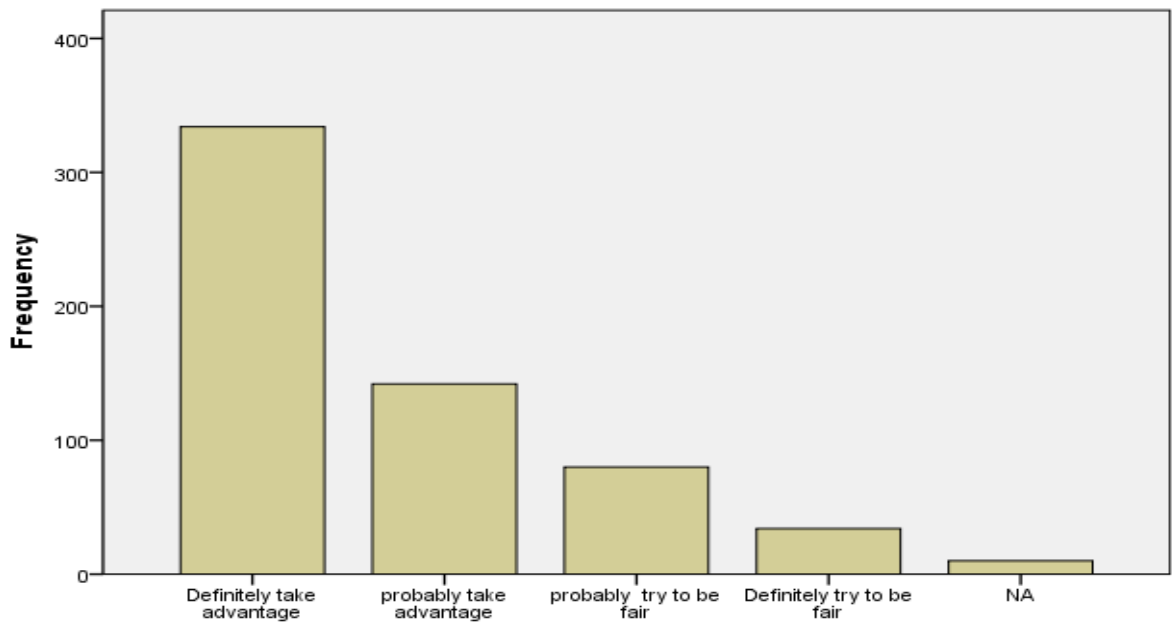
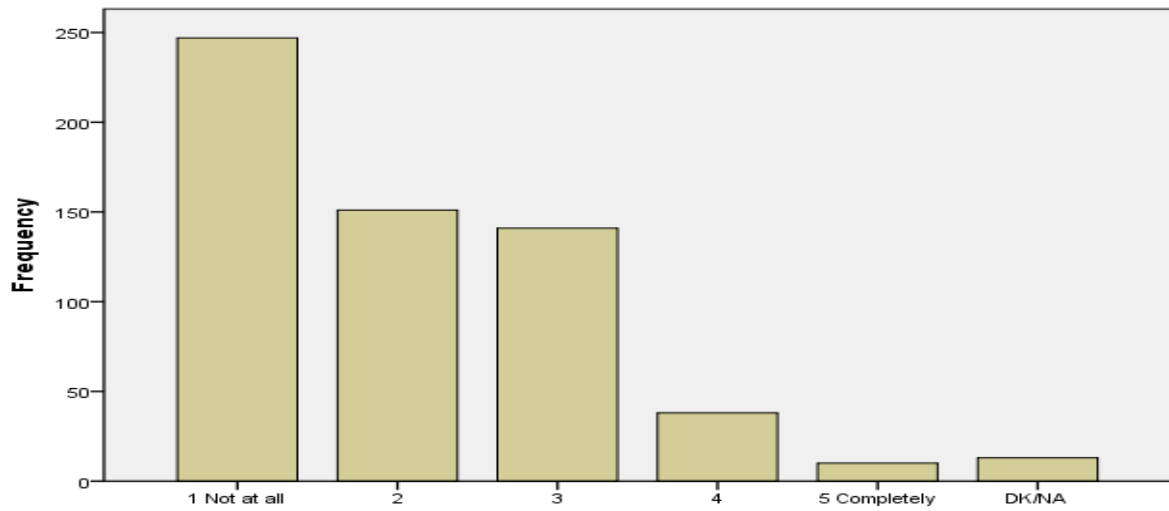


Figure 24

On a scale from 1 to 5 where 1 means “not at all” and 5 means “completely”, to what extent, would you say that you trust the other community?

GCC



TCC

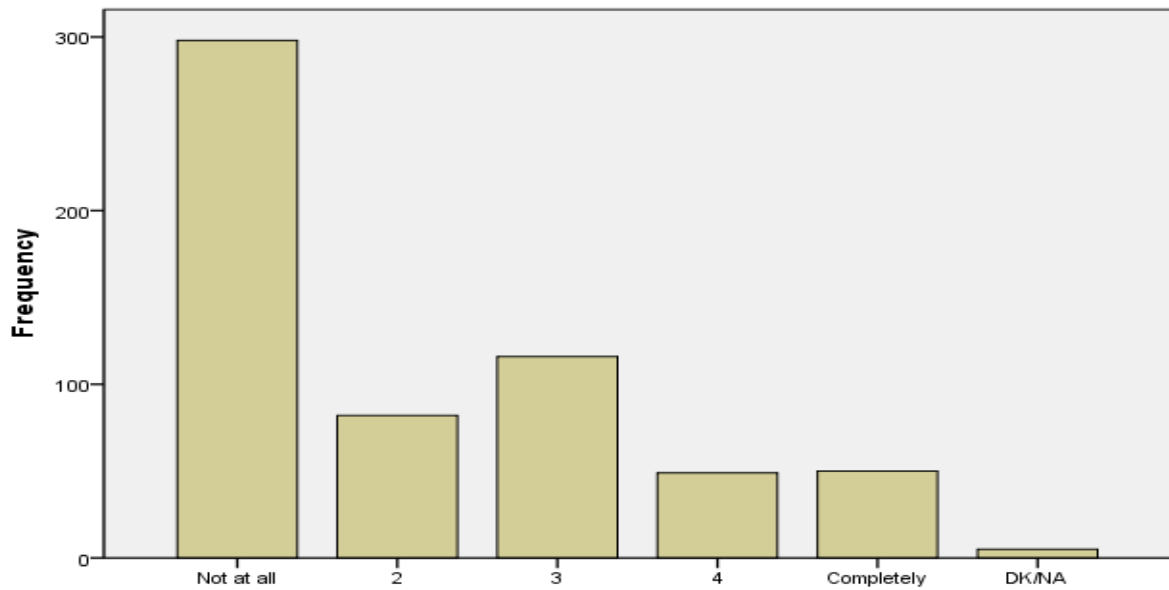
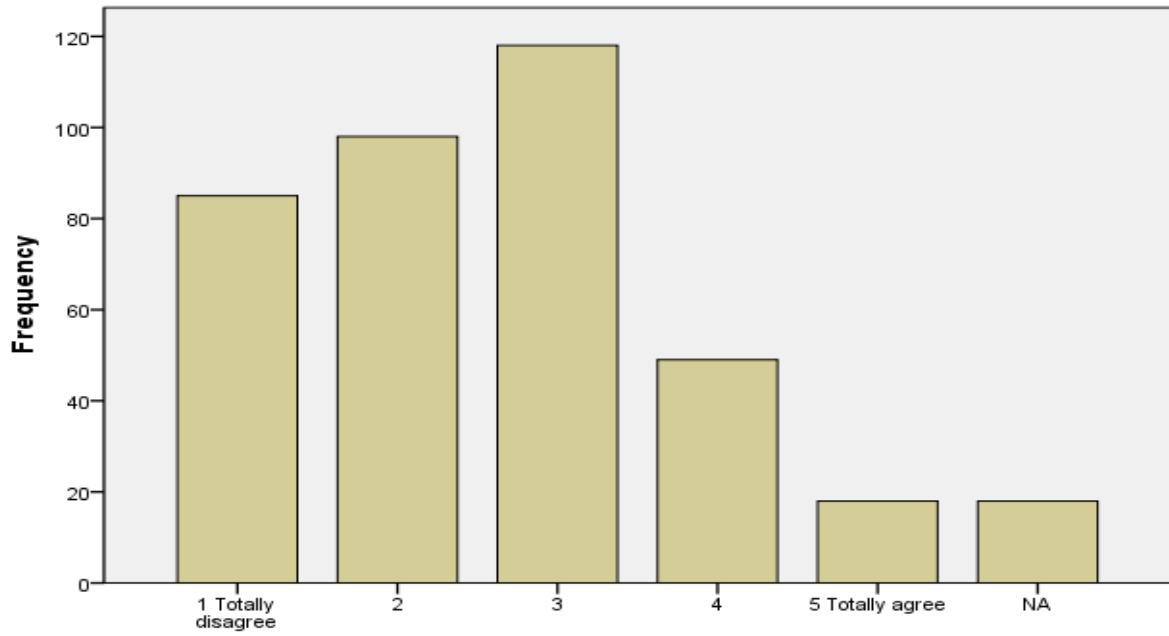


Figure 25

I feel member of the other community have grown more trusting of us over time

GCC



TCC

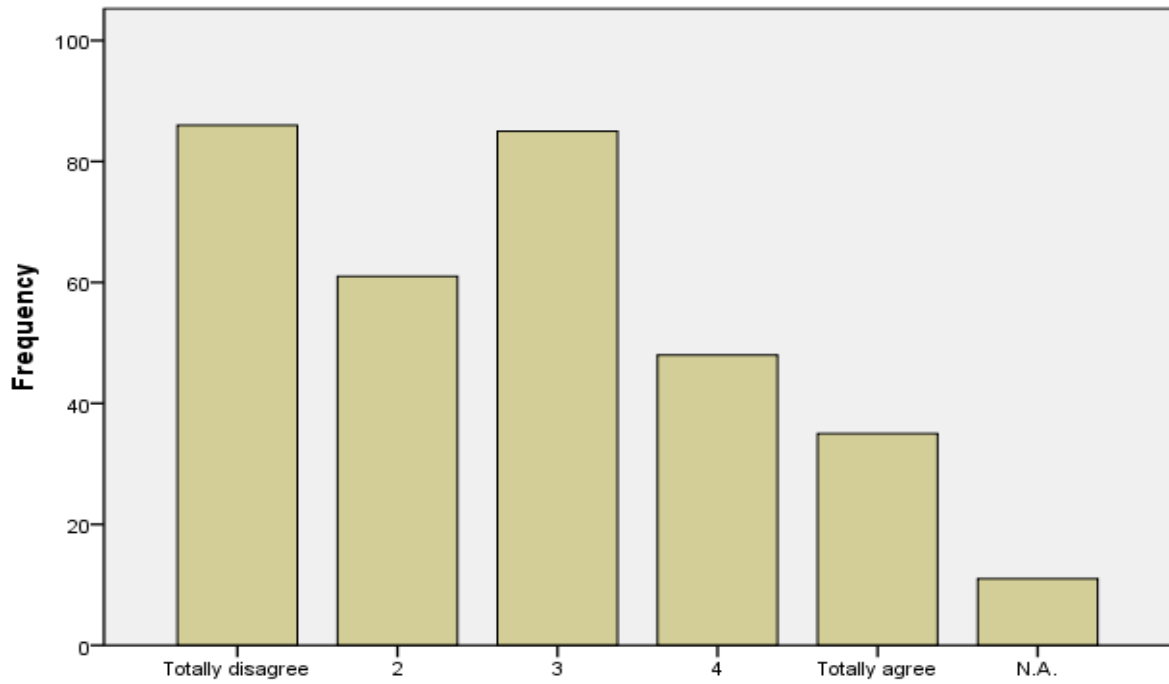
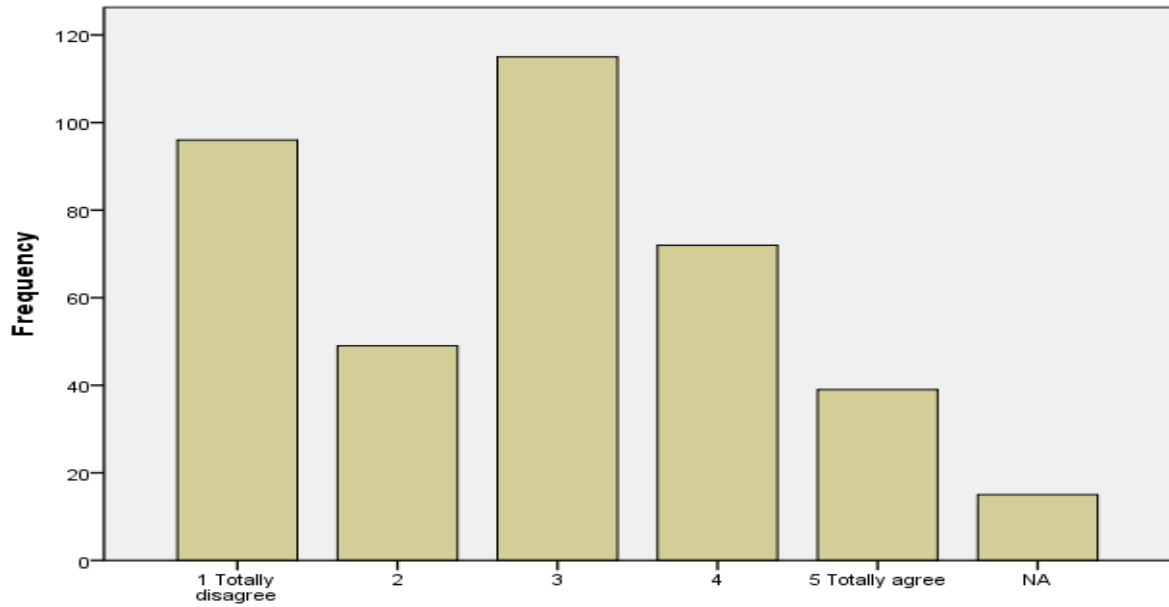




Figure 26

I feel welcome when I visit the other side

GCC



TCC

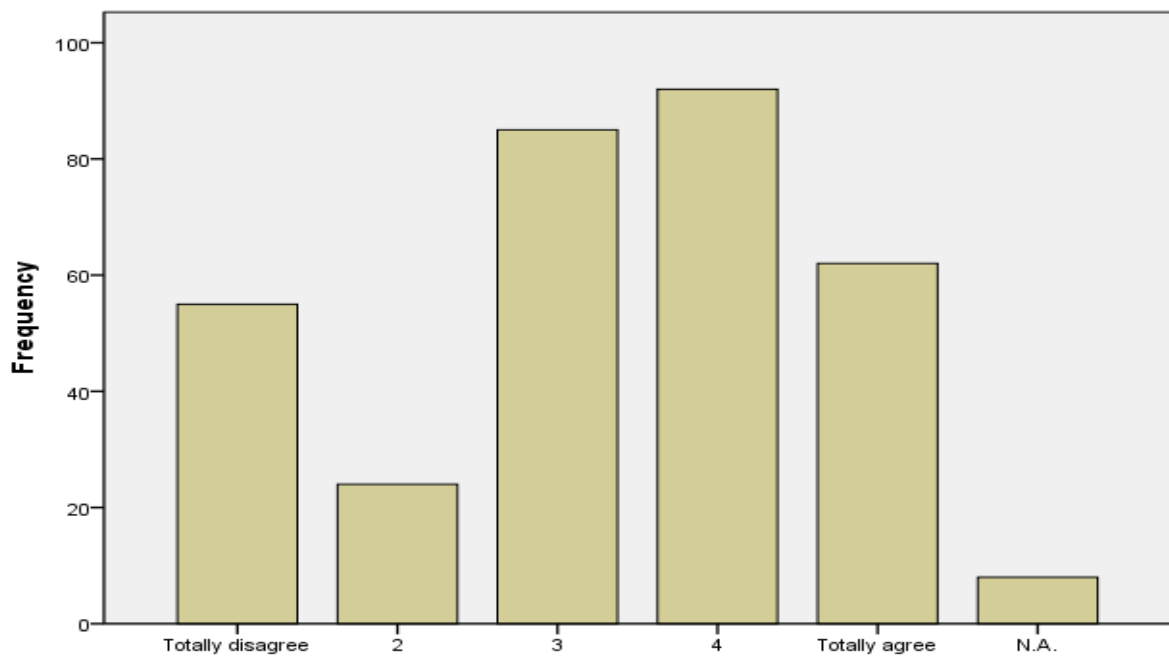
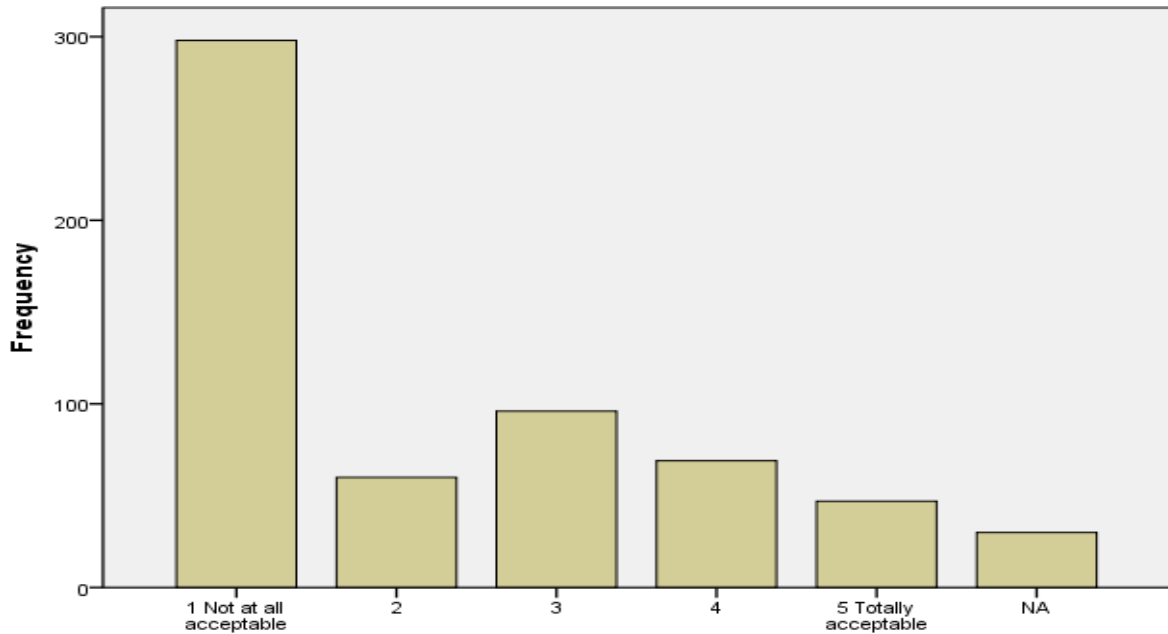


Figure 27

**GCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you to have a TC boss?



**TCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you to have a GC boss?

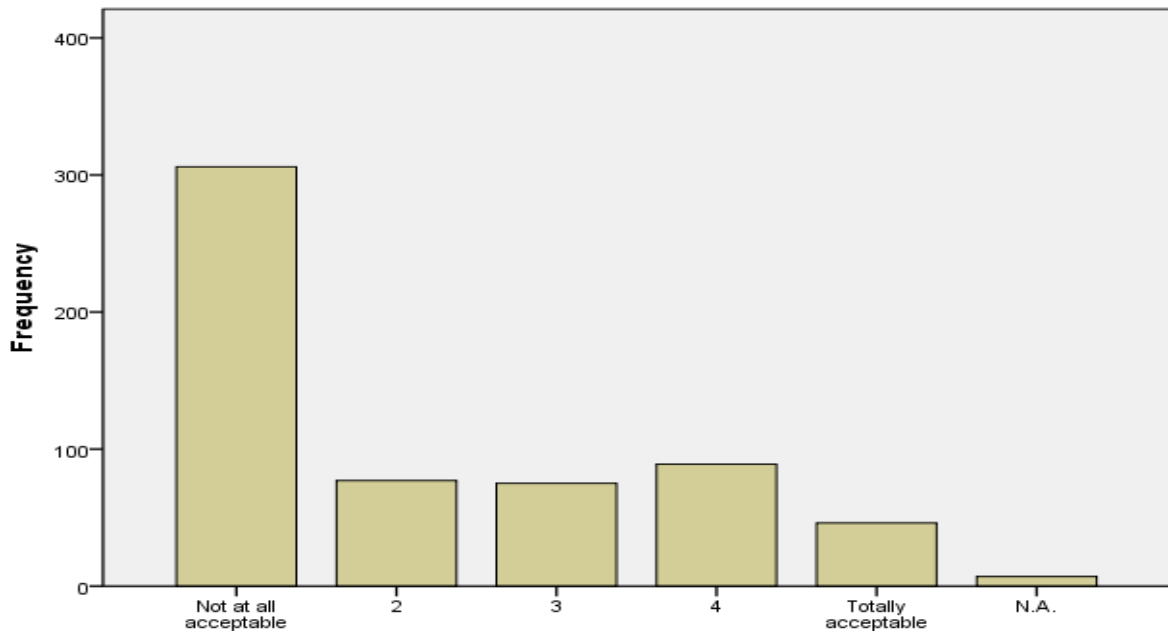
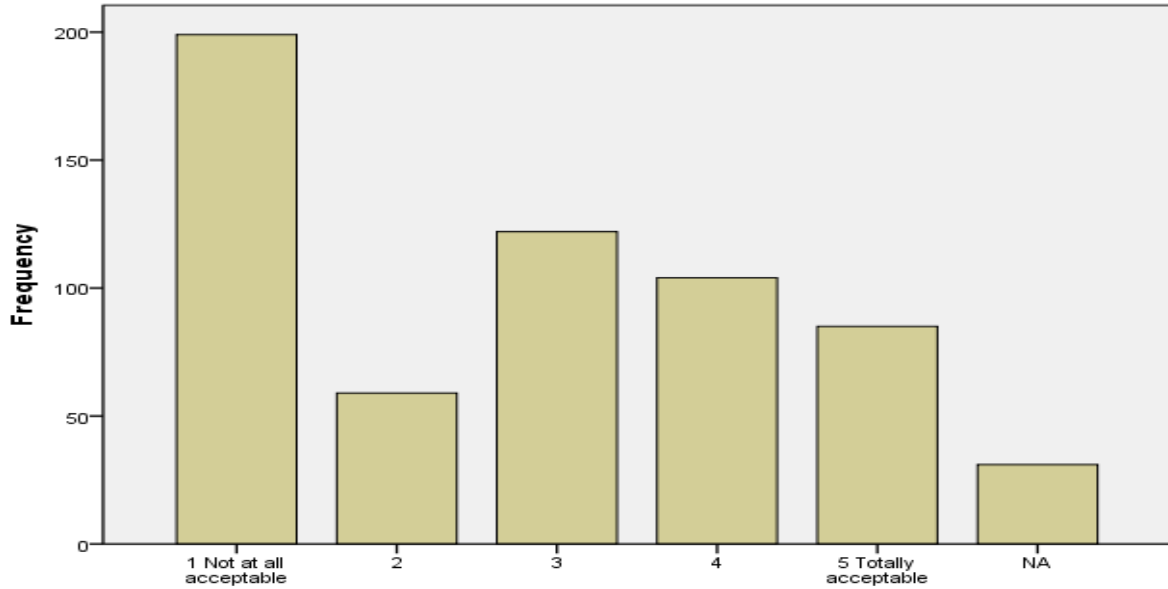


Figure 28

On a scale of 1 to 5, where 1 means "Not at all acceptable" and 5 means "totally acceptable" how acceptable or unacceptable would it be for you to have a foreigner as a boss?

GCC



TCC

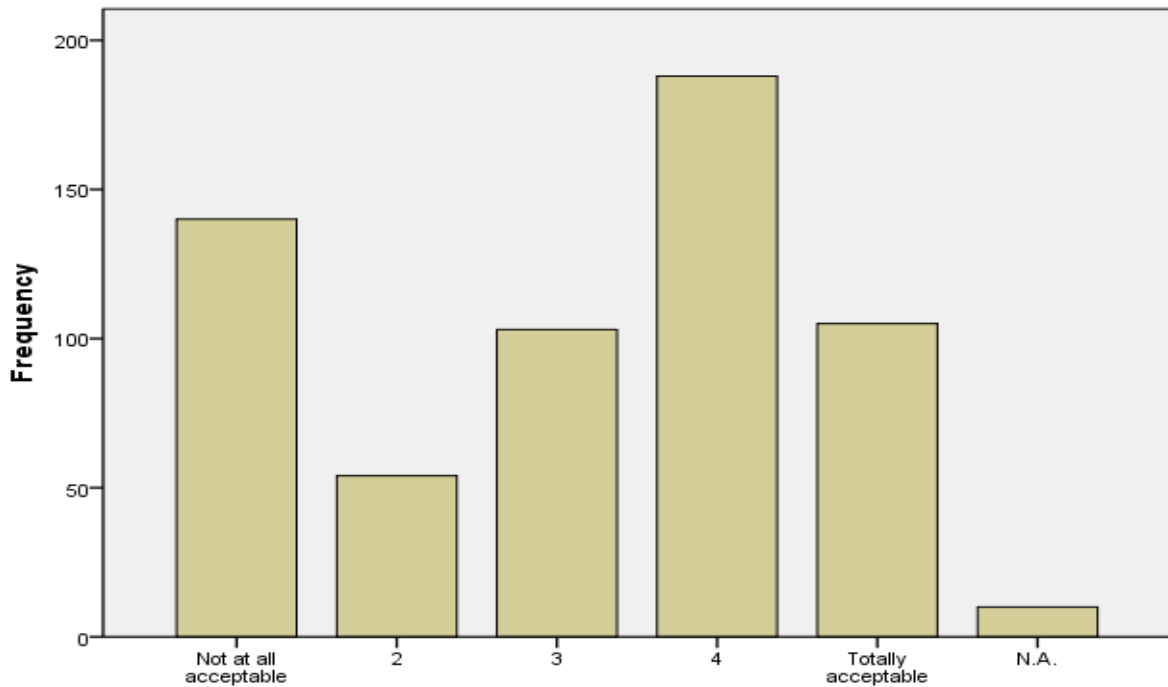
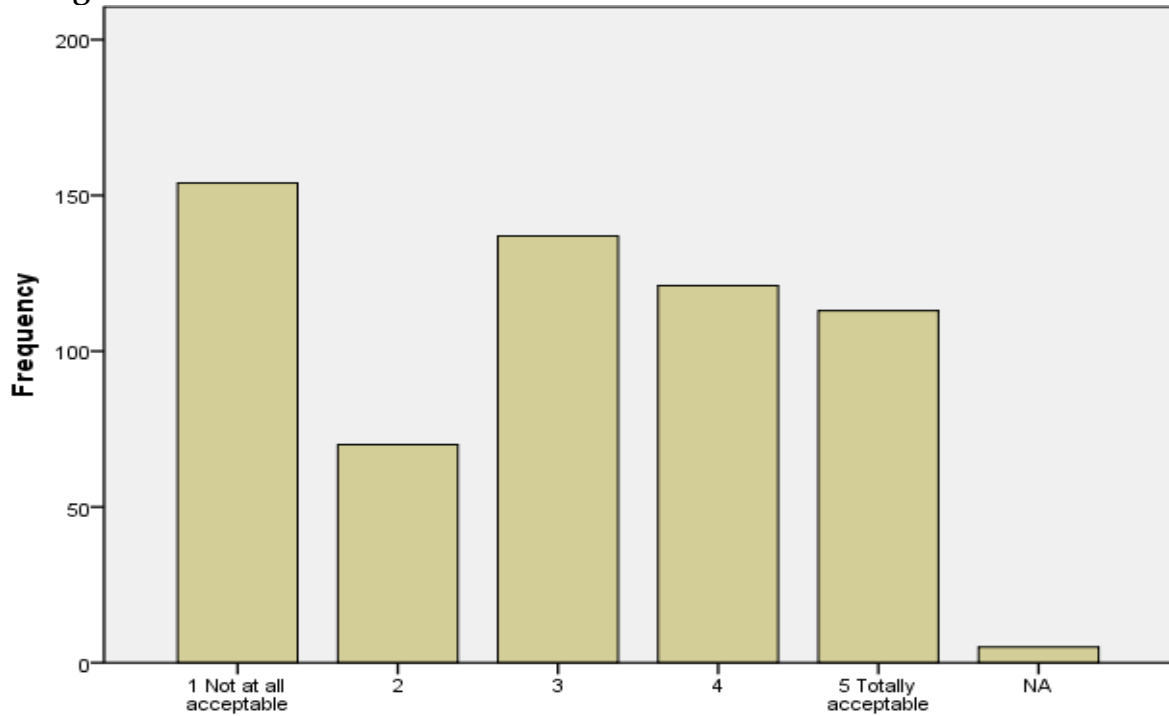


Figure 29

**GCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you to have TC neighbours?



**TCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you to have GC neighbours?

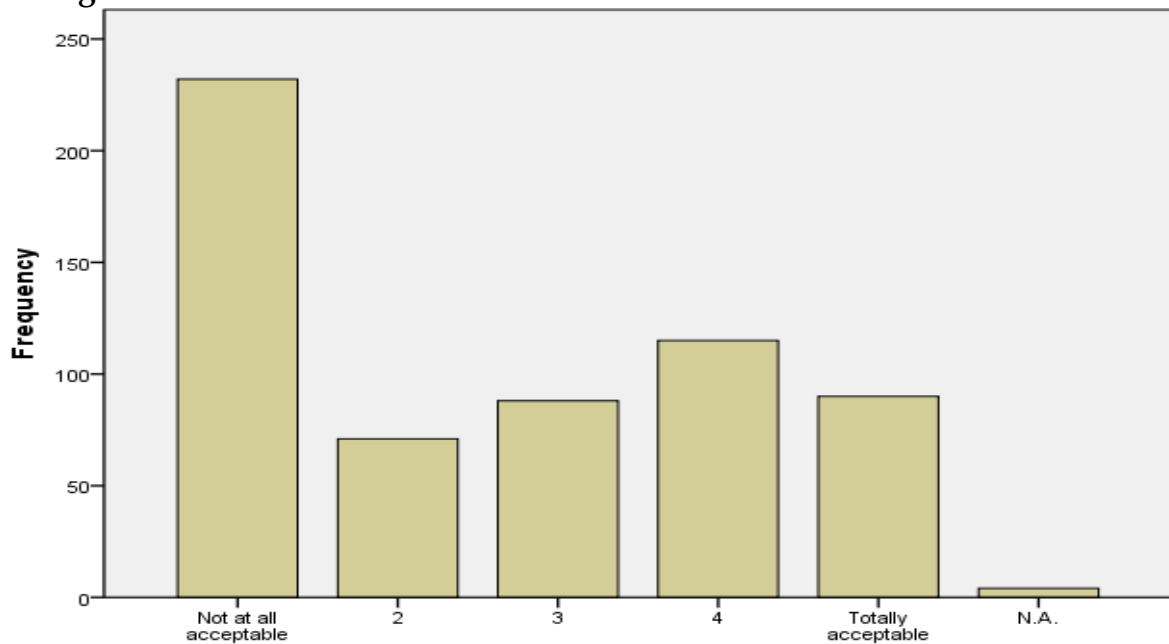
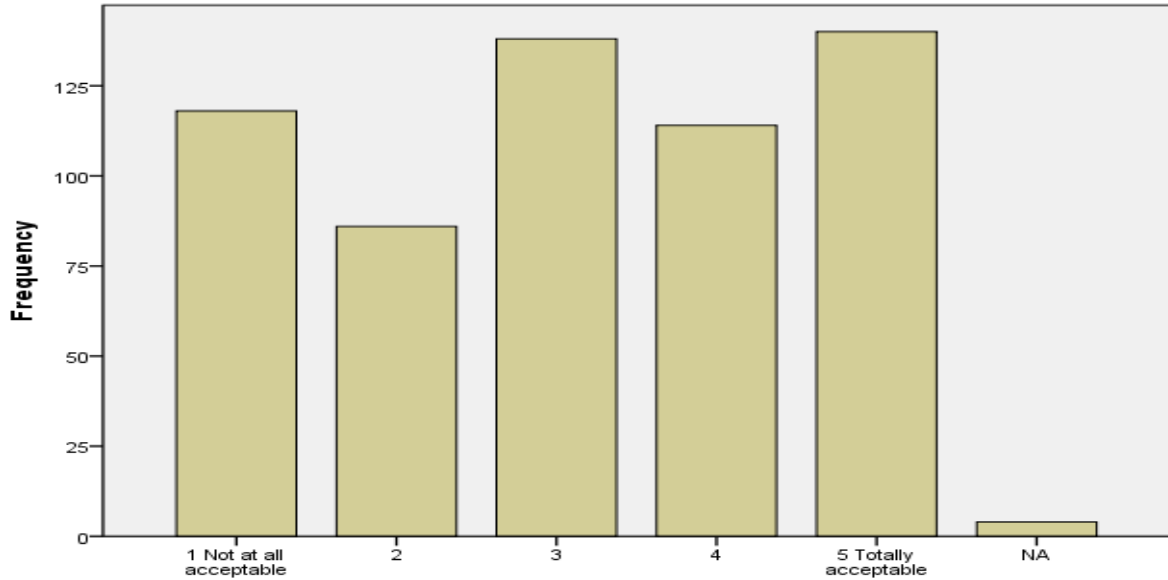


Figure 30

On a scale of 1 to 5, where 1 means "Not at all acceptable" and 5 means "totally acceptable" how acceptable or unacceptable would it be for you to have foreign neighbours?

GCC



TCC

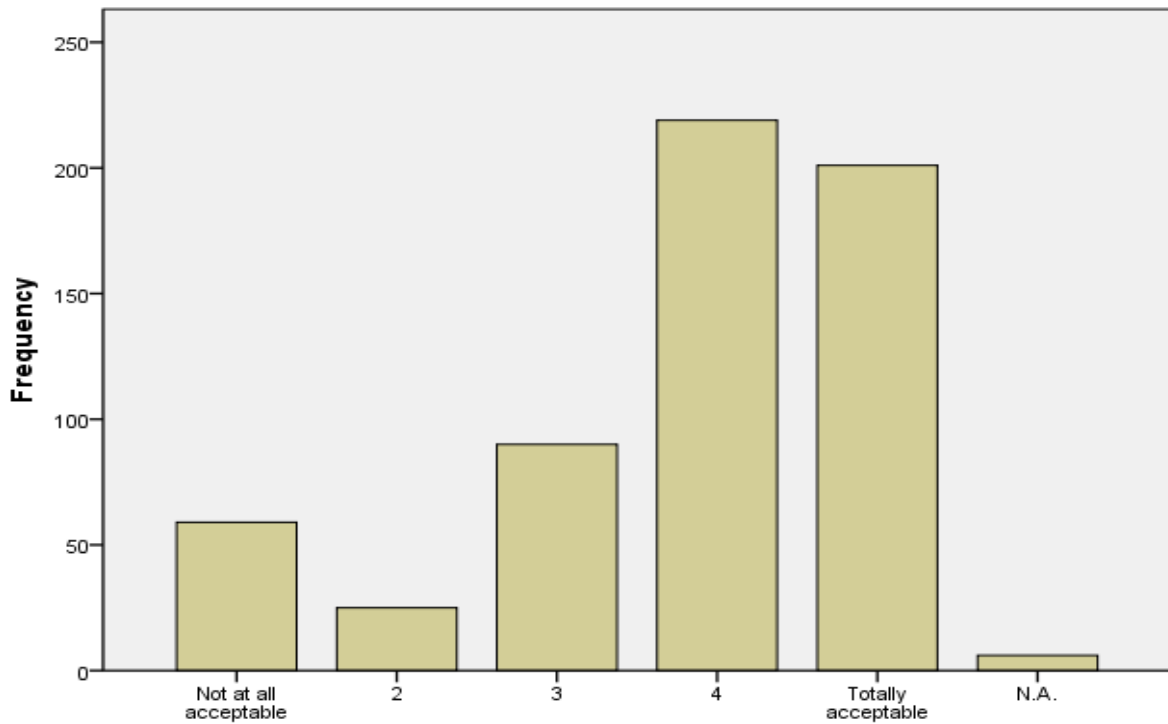
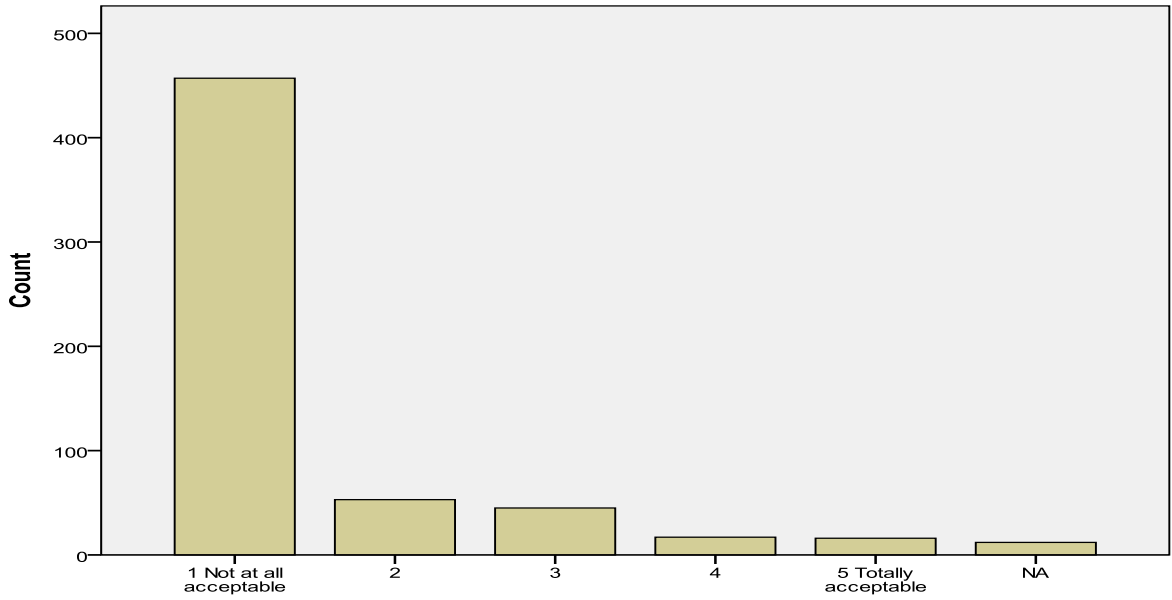


Figure 31

**GCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for your children/sibling to marry a TC



**TCC:** On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for your children/sibling to marry a GC

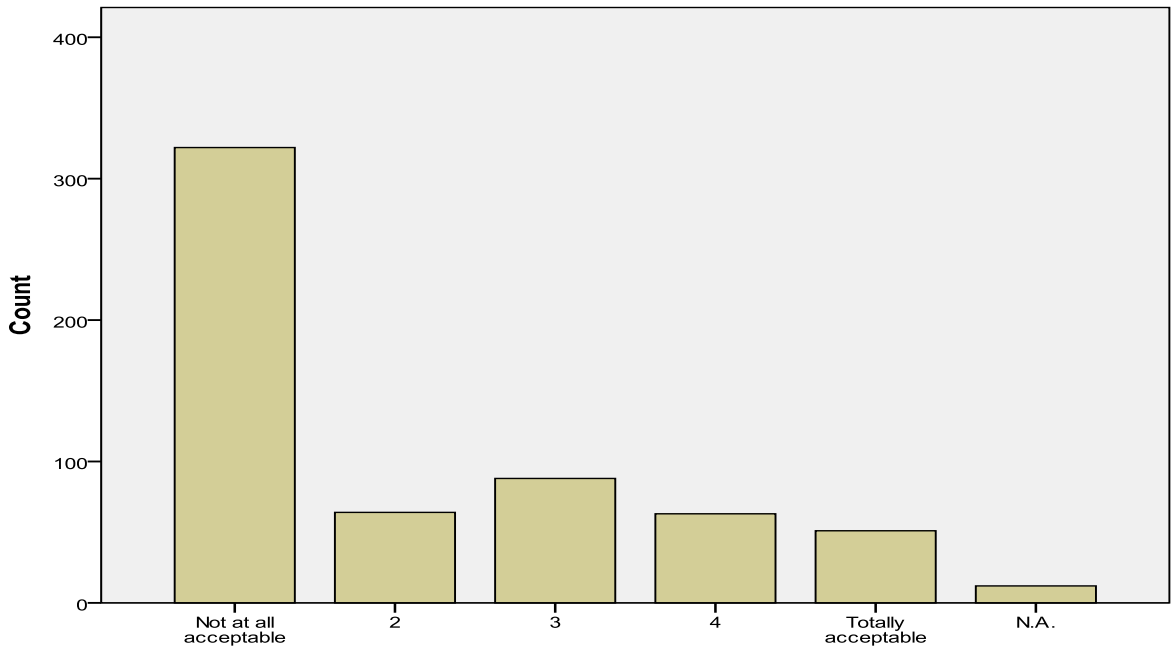
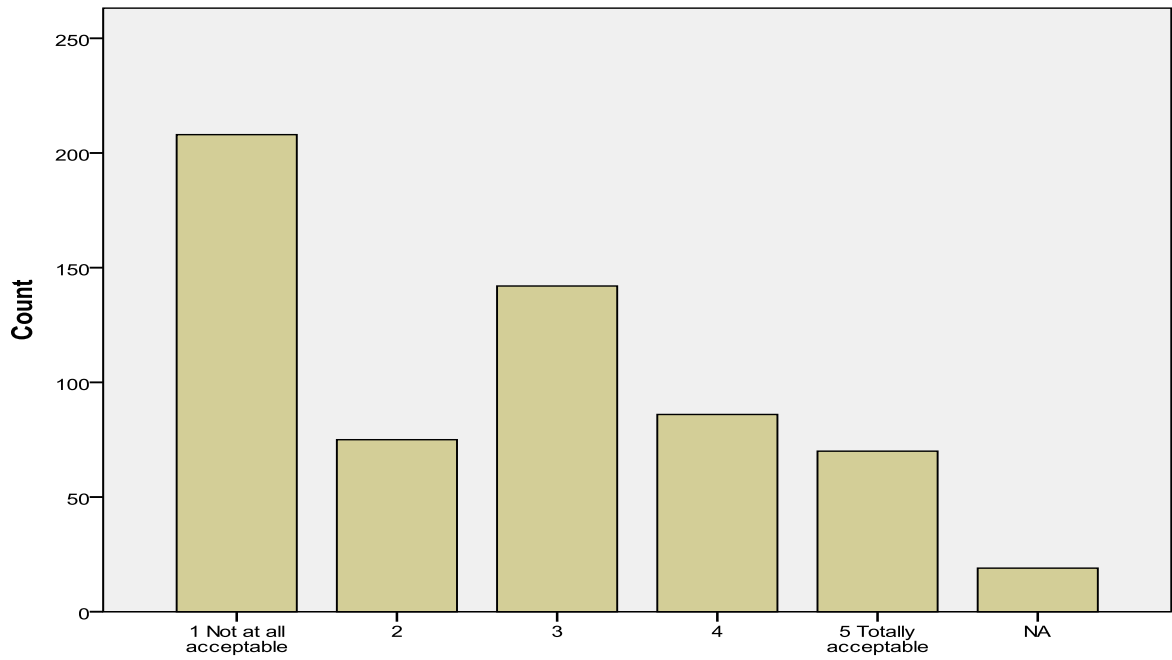


Figure 32

On a scale of 1 to 5, where 1 means "Not at all acceptable" and 5 means "totally acceptable" how acceptable or unacceptable would it be for your children/sibling to marry a foreigner?

GCC



TCC

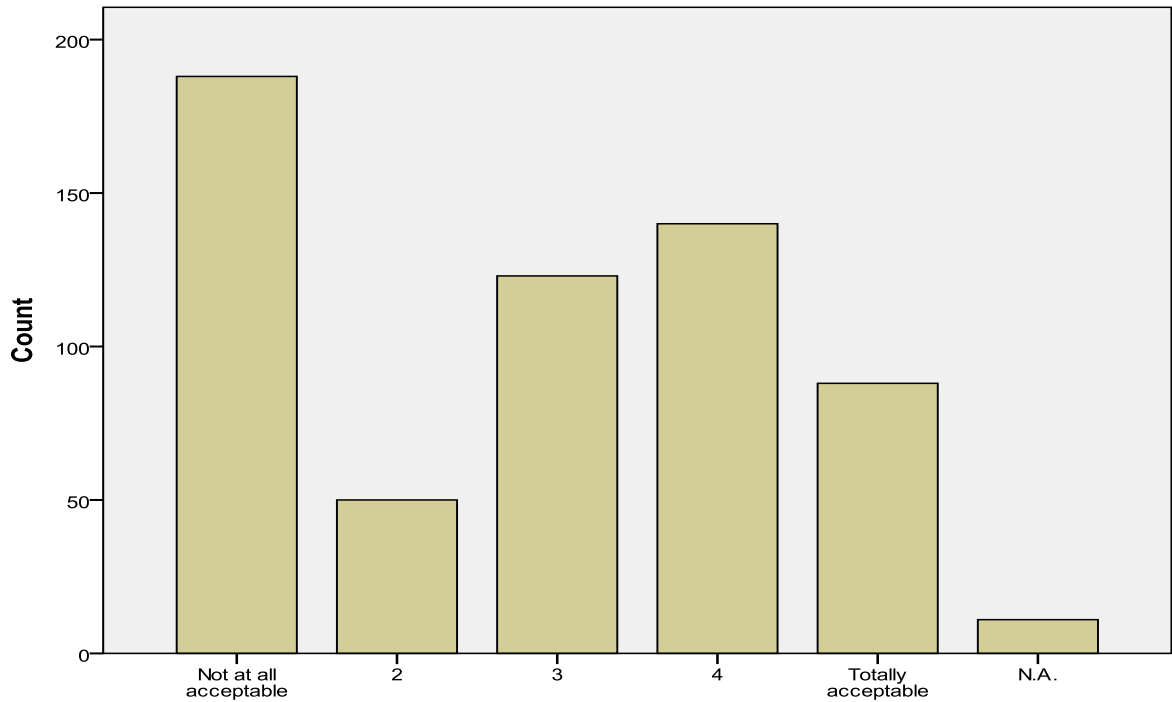
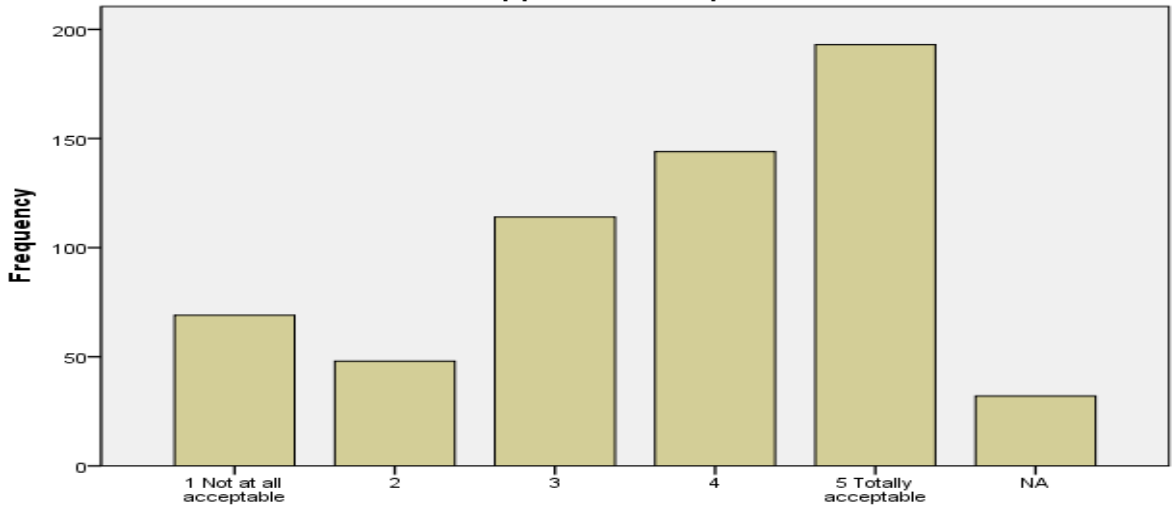


Figure 33

On a scale of 1 to 5, where 1 means “Not at all acceptable” and 5 means “totally acceptable” how acceptable or unacceptable would it be for you personally for an independent body to prepare an unbiased and comprehensive report of what happened in the past?

GCC



TCC

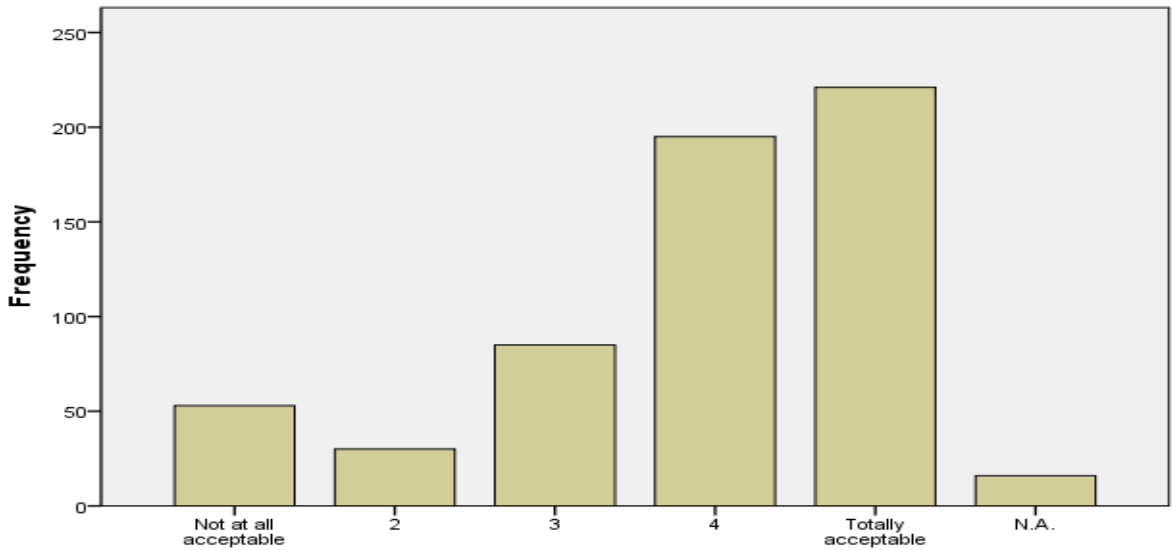
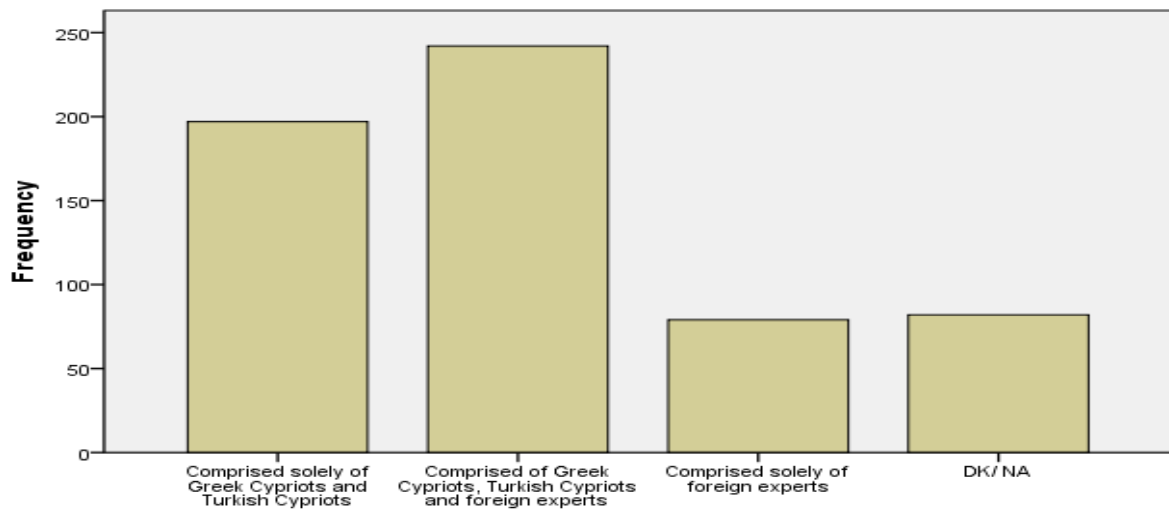




Figure 34

If an independent body was set up to examine what has occurred in the past in order to provide a comprehensive and unbiased report on events, would you prefer that such a body were...

GCC



TCC3

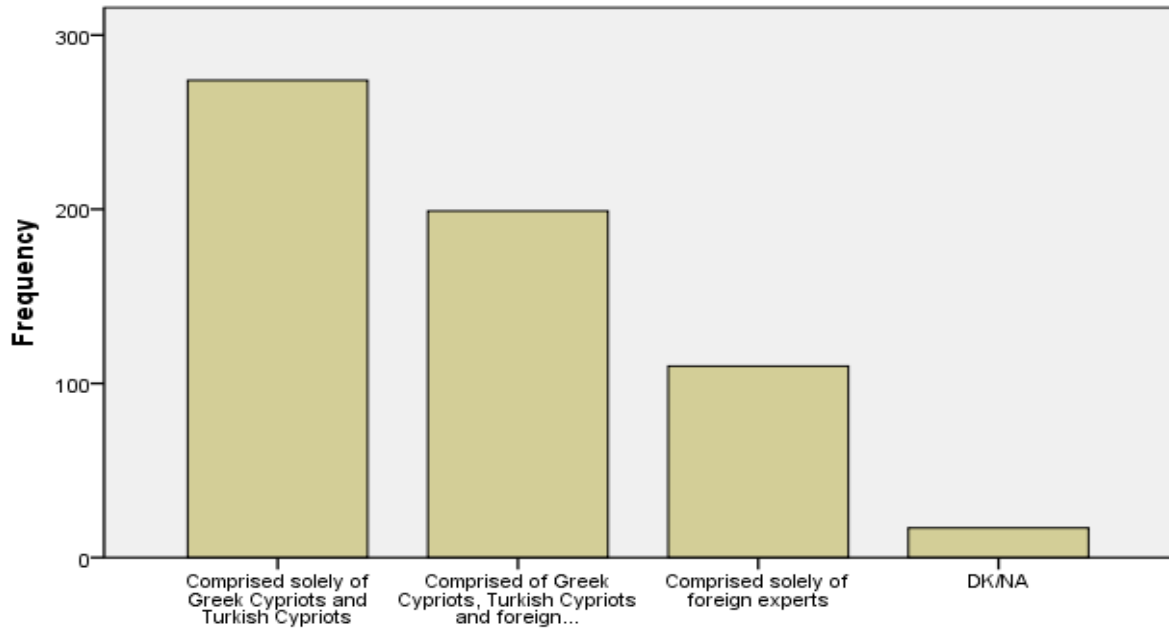
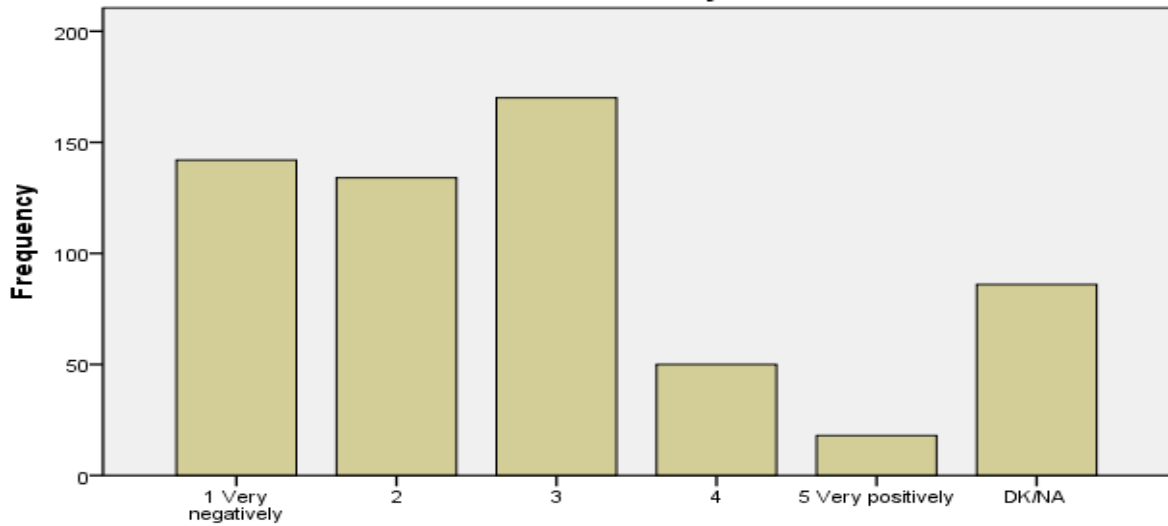


Figure 35

On a scale from 1 to 5 where 1 means “very negatively” and 5 means “very positively”, to what extent, would you say, that your contact with people on the other side has influenced positively or negatively the degree to which you trust the other community?

## GCC



## TCC

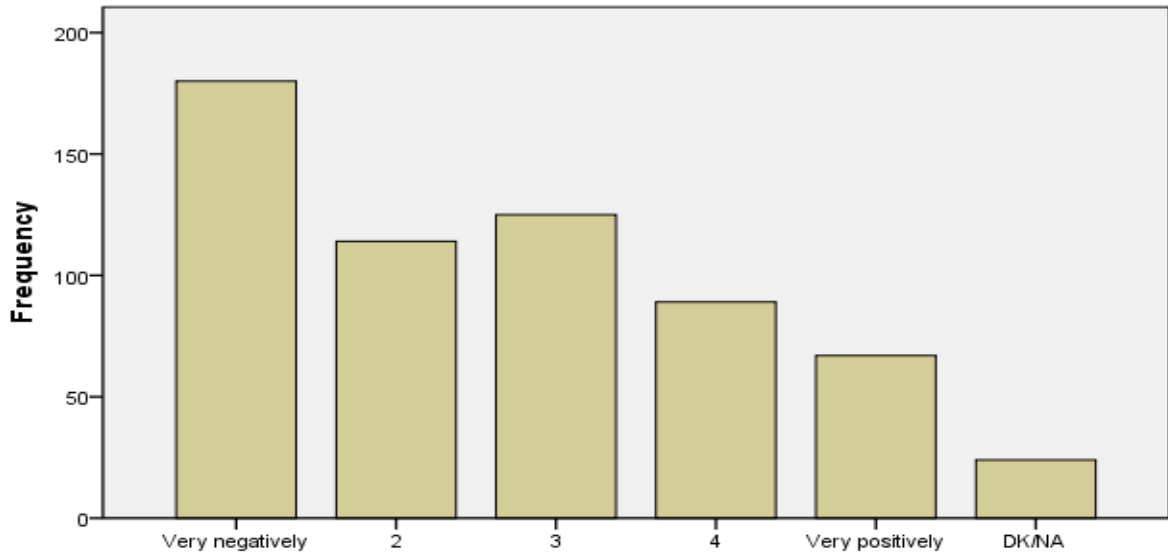


Figure 36 (top four answers only)

GCC: Who do you think influences political decisions in the GCC?

	Yes	No	Total
Political parties	228	372	600
The people	107	493	600
The government	106	494	600
The president	62	538	600

GCC: Who do you think influences political decisions in the TCC?

	Yes	No	Total
Turkey	254	346	600
The Turkish army	157	443	600
The government	47	553	600
Political parties	31	569	600
The TC army	31	569	600

TCC: Who do you think influences political decisions in the GCC?

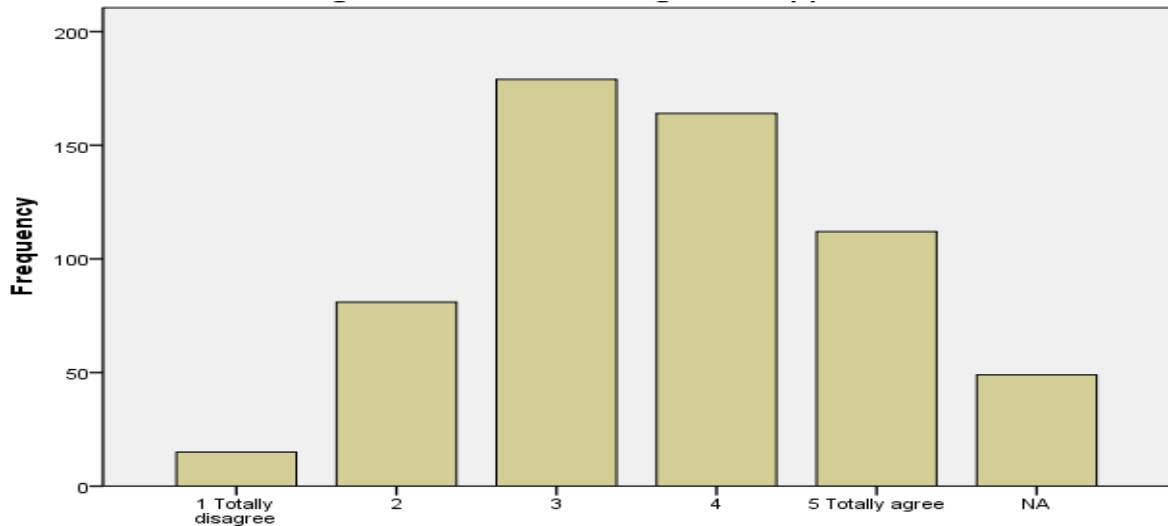
	Yes	No	Total
The church	253	341	594
Greece	228	366	594
The president	184	410	594
The government	168	426	594

TCC: Who do you think influences political decisions in the TCC?

	Yes	No	Total
Turkey	378	216	594
The president	171	423	594
Political parties	108	414	594
The government	108	414	594

Figure 37

**GCC:** On a scale of 1 to 5, where 1 means “I totally disagree” and 5 means “I totally agree” to what extent do you agree that the leaderships of political parties in the GCC formulate policies and strategies without consulting their supporters?



**TCC:** On a scale of 1 to 5, where 1 means “I totally disagree” and 5 means “I totally agree” to what extent do you agree that the leaderships of political parties in the TCC formulate policies and strategies without consulting their supporters?

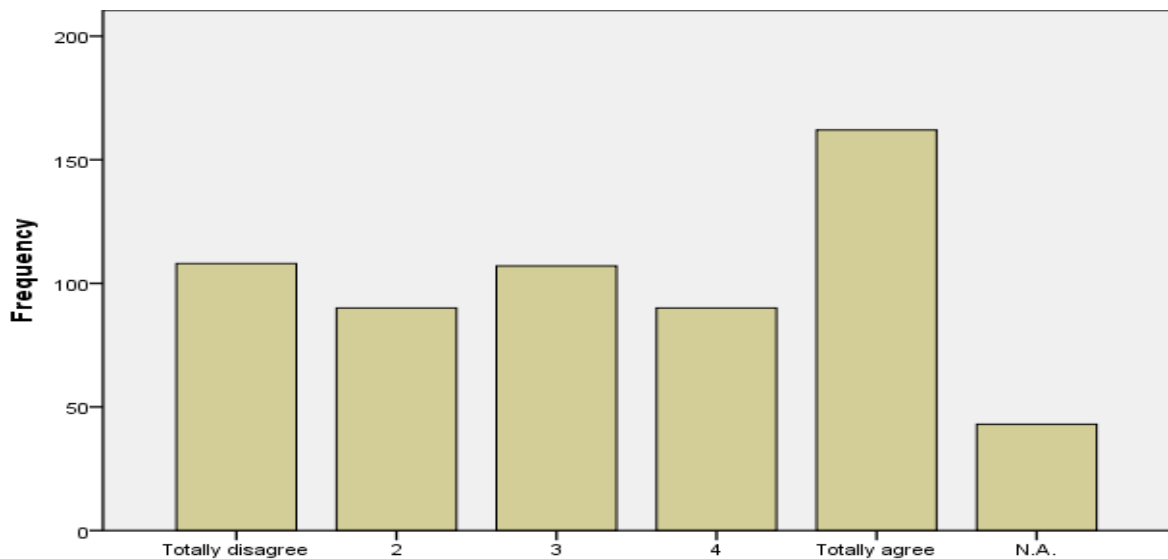
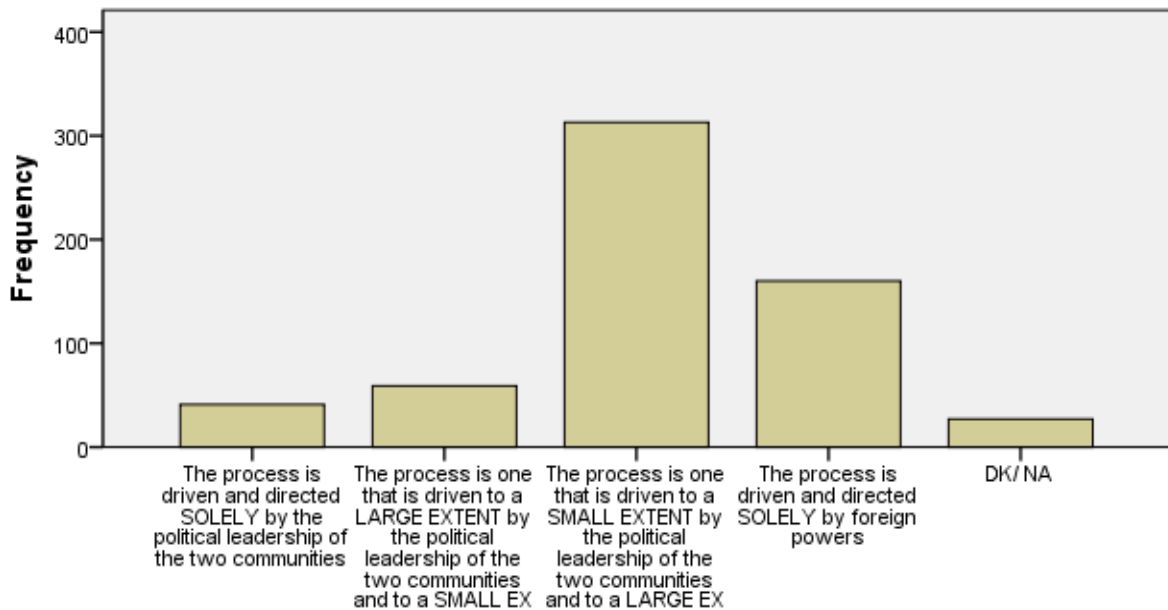


Figure 38

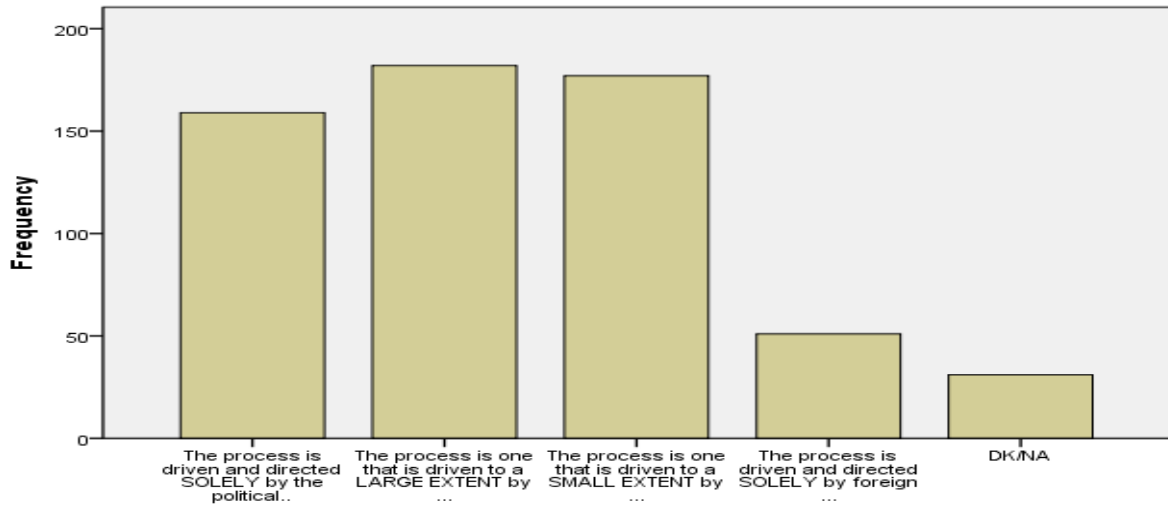
With respect to the Cyprus problem and the direction of the discussions do you believe that ...

1. The process is driven and directed SOLELY by the political leadership of the two communities
2. The process is driven to a LARGE EXTENT by the political leadership of the two communities and to a SMALL EXTENT by foreign powers
3. The process is driven to a SMALL EXTENT by the political leadership of the two communities and to a LARGE EXTENT by foreign powers
4. The process is driven and directed SOLELY by foreign powers

GC



TCC



## VI. Peace Economics (D. Braddon and T. King)

This section of the report focuses on the economic dimension of the project. Peace economics examines the extent to which economic factors can help explain conflict and also be incorporated into an effective reconciliation process. This involves taking into account the role of economic activity in promoting peace by establishing and maintaining mutual interests, such as considering economic integration, the role of business and the relationship between peace and levels of prosperity.

Therefore the role of economics envisioned here is not as a single factor divorced from political and social change. Rather, it is viewed as a supportive and important complement to other developments. While enhanced cross-line trade may not be essential for the future of both communities, it is crucial for the holistic anchoring of an effective peace process. Coverage below looks specifically at a range of issues regarding perceptions of economic problems, personal circumstances, management and business relationships, and cross-line activity. This section draws on and adds to work on cross-line trade undertaken by: Hatay, Mullen and Kalimeri;<sup>26</sup> Jacobson, Musyck, Orphanides and Webster;<sup>27</sup> Mullen, Oğuz and Kyriacou;<sup>28</sup> Çilsal, Kyriacou and Mullen;<sup>29</sup> and Trimikliotiis.<sup>30</sup> It also draws on the report by Sureç and Akifler.<sup>31</sup>

However, we first must acknowledge that economic circumstances in both the RoC and northern Cyprus are also significantly impacted by factors outside the island. Any emphasis on the absolute *necessity* of encouraging trade across the Green Line as concomitant to future prosperity in Cyprus rests on two, possibly contentious,

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<sup>26</sup> M. Hatay, F. Mullen and J. Kalimeri, *Intra-island trade in Cyprus: Obstacles, oppositions and psychological barriers* (Oslo: PRIO, 2008).

<sup>27</sup> D. Jacobson, B. Musyck, S. Orphanides and C. Webster, *The Opening of Ledra Street/Lokmaci Crossing in April 2008: Reactions from Citizens and Shopkeepers* (Oslo: PRIO, 2009).

<sup>28</sup> F. Mullen, Ö. Oğuz and P. Kyriacou, *The Day After: Commercial opportunities following a solution to the Cyprus problem* (Oslo: PRIO, 2008)

<sup>29</sup> Ö. Oğuz Çilsal, P. Kyriacou and F. Mullen, *The day after III: the Cyprus peace dividend for Turkey and Greece* (Oslo: PRIO, 2010).

<sup>30</sup> N. Trimikliotiis, *Free Movement of Workers in Cyprus and the EU* (Oslo: PRIO, 2010)

<sup>31</sup> Y. Sureç and U. Akifler, 'The Turkish Cypriot Competitiveness Report 2008-2009' (Turkish Cypriot Chamber of Commerce, 2010).

assumptions. The first assumption is that the effective boycott of the other side, notably by GCs refusing to spend money in the north or on northern Cypriot or Turkish products, is holding the north back. The northern Cypriot economy is characterised by market inefficiency due to high production costs and the inability to trade legitimately.<sup>32</sup> However, its isolation can be exaggerated. As one interviewee pointed out, international franchises penetrate northern Cyprus via Turkey,<sup>33</sup> and the existence of a number of franchises and international brands in the north are illustrative of the interconnection between the northern Cypriot and Turkish economies. Indeed northern Cyprus's unrecognised and liminal status has meant that it is perforce integrated into the Turkish economy,<sup>34</sup> while the north is actively expanding its networks separate from any political solution. In January 2012, for example, the Organisation of Islamic Cooperation confirmed that it would encourage its members to cooperate with northern Cyprus 'to overcome unfair isolations imposed on the TRNC.'<sup>35</sup> The fact that the Turkish economy itself is doing well at a time of global uncertainty questions the view that future prosperity for the north must necessarily rely on the RoC or even the EU.

The second assumption, that a lack of extensive trade across the Green Line denies the RoC a key economic opportunity, tends to overlook the primary impact of economic globalisation. While some GCs can envisage greater opportunity through access to northern Cypriot and perhaps Turkish markets, the potential significance of cross-line trade is diminished with the RoC's increasing economic integration into European, regional and global currents. For example and beyond EU trade and relations, Russia has recently agreed to lend the RoC €2.5 billion and Russians are the source of a quarter of all bank deposits and a third of foreign investment.<sup>36</sup>

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<sup>32</sup> *ibid*, p. 2.

<sup>33</sup> Interview by M.K. Flynn, Sept. 2010.

<sup>34</sup> Interview by M.K. Flynn, Sept. 2010.

<sup>35</sup> 'Islamic conference issues final declaration in Indonesia'

<http://www.worldbulletin.net/?aType=haber&ArticleID=85131> (accessed 7 Feb 2012 by T. King)

<sup>36</sup> L. Harding, 'Russian expat invasion of Cyprus also has sinister overtones', *The Guardian*, 26 January 2012. <http://www.guardian.co.uk/world/2012/jan/26/cyprus-russian-invasion?INTCMP=SRCH> (accessed by T. King, 6 February 2012).

Meanwhile, many RoC households benefit from the low cost labour of domestic workers, usually women from Asian countries such as the Philippines, Sri Lanka, Vietnam and Thailand. An estimated 120,000 – 160,000 migrants live in the RoC,<sup>37</sup> which maintains a non-Schengen immigration regime and has relatively lenient conditions for residency permits. Indeed, within the EU the RoC in 2009 had “the highest relative number of permits issued [*to non-EU nationals*].... (320 for every 1000 residents).<sup>38</sup>

Meanwhile, and despite some recent progress in economic convergence, Cyprus remains economically divided. Trade across the Green Line is regulated by the rather narrow scope of the Green Line Regulation (see Section IV) which treats the line as, effectively, an EU border in terms of what can be imported and under what conditions.<sup>39</sup> Therefore, in addition to attitudinal obstacles, economic activity between the GCC and TCC faces regulatory impediments as well.

The RoC’s GDP is €17.3 billion, while per capita GDP stands at €21,600.<sup>40</sup> By way of contrast, 2009 figures showed that northern Cyprus’s GNP was US\$3.5 billion and per capita GNP stood at US\$13,900.<sup>41</sup> The difference in economic performance of the two parts of Cyprus has much to do with the TCC’s lower economic activity rate due, in large part, to its difficulty in accessing international markets and its over-reliance on direct support from Turkey. Economic recession hit the GCC in 2009, sharply reducing living standards as well as reducing employment opportunities south of the Green Line for TCs. North of the Green Line, economic contraction began in 2008 and turned into a deeper recession in 2009. It is against this economic background that our project took place.

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<sup>37</sup> N. Triminikliniotis, ‘Cyprus’, *Migration, Employment and Labour Market Integration Policies in the European Union* (Brussels: IOM, 2010): 64-67.

<sup>38</sup> ‘Resident permits issued to non-EU nationals in 2009’

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_OFFPUB/KS-SF-11-043/EN/KS-SF-11-043-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_OFFPUB/KS-SF-11-043/EN/KS-SF-11-043-EN.PDF) (accessed 10 Feb. 2012 by M. K.Flynn)

<sup>39</sup> See Hatay *et al.*, pp. 27-30.

<sup>40</sup> <http://www.datosmacro.com/en/gdp/cyprus> (accessed by T. King, 11 February 2012)

<sup>41</sup> <http://www.trnc.eu/eco-generalinfo.html> (accessed by T. King, 11 February 2012)



## Perceptions of Economic Problems

In the general household survey, GCC and TCC respondents were asked to specify their three most important concerns. The two communities clearly saw the 'Cyprus problem' as the major issue, as discussed in Section V above. However, some 25.5% of the GCC respondents and 11.9% of the TCC sample felt that the economic situation generally was another key problem, while 7.7% of the GCC and a much higher proportion (22.1%) of TCC survey participants listed unemployment in the top three (see Section V, Figure 1). Few respondents indicated infrastructure as a concern. This important issue for economic progress was, however, identified by participants at the GCC economics symposium as having major significance. Particular concern focused on the water shortage problem as well as sewage infrastructure upgrading, while construction of an island-wide light railway system was suggested.

Meanwhile GC focus group participants from the political left and centre felt that the current economic climate made it difficult for small and medium sized enterprises to compete with larger corporations, further extending the gap between rich and poor. Interestingly they also perceived fellow GCs to be highly materialistic and demanding an expensive lifestyle beyond their financial means, thereby generating long-term adverse effects on the economy. Right-wing participants were more concerned about declining levels of foreign investment and tourism income.

All GC focus groups expected that, in the future, Cyprus will face rapid price increases, wage cuts, higher unemployment (especially among the young) and higher taxation, all of which will undermine their standard of living. They were fully aware of the economic malaise currently affecting key parts of the eurozone; as one respondent put it: 'if we don't act immediately, we will face similar economic problems with Greece' (18-45, RW). There was also a strong perception that economic problems facing Cyprus had close links with immigration. The economic burden associated with immigration revolved around the perceived demand immigrants

place on public resources and their impact on Cypriot unemployment as a source of cheap labour. Furthermore, some GC discussants felt that the sending remittances home by non-European workers represented further loss for the RoC.

Participants in the TC focus groups, while agreeing with the main problems identified by GC participants, also expressed a wider range of economic concerns. This may be related to a factor inferred from the data collection for the general household survey. As already noted, the GCC sample was considerably older than the TCC one. This suggests that younger people from the TCC are more likely to be at home during the day and hence infer both a lower level of employment and economic activity in the north. Furthermore, the TC focus groups were undoubtedly influenced by the furore over an economic stability package announced in early 2011 for northern Cyprus. This was criticised for neglecting social welfare, education and health issues while focusing principally on economic policy changes such as privatization, public spending cuts and higher taxes.

### **Personal Economic Circumstances**

Respondents to the general household survey were asked whether their household's economic situation, compared to a year earlier, had improved, deteriorated or remained the same. There was a remarkable difference here between the two parts of the island. Hardly any GCC respondents (1.8%) had experienced improvement while some 60.3% felt that it had deteriorated. The position appears less extreme in the north, perhaps counter-intuitively given the poorer state of the TCC economy overall. For the TCC over one-fifth of respondents (22.2%) felt their economic situation had improved while about only one-quarter (25.7%) felt it had deteriorated. (Figure 1). Within the TCC sample, TC and TO respondents reported about the same proportion with an improved economic situation (22.5% and 20.0% respectively). However, TO respondents had experienced more extensive deterioration in their personal economic circumstances (35.7% compared with 24.6% for TCs).

Survey respondents were further asked whether they were able to save some of their monthly household income. Less than one fifth (19.8%) of the GCC respondents felt able to do so with over 78% finding saving impossible. TCC respondents, on the other hand, revealed a much greater propensity to save with over 41% found saving to be possible while only 56.8% were not able to (Figure 2). Further analysis of the data showed a clear difference between TCs and TOs on this issue; half of TCs could save whereas almost two-thirds of TO respondents could not.

But the most striking aspect of our economic data concerned a range of comparative personal and household indicators. It is a common belief, especially in the GCC, that the north is backward and poor, although a lack of public expenditure (and consequent public shabbiness) is not the same as actual poverty. Indeed we found that the TCC self-reported a higher savings rate, more access to ready capital and more access to property that could be sold when compared with the GCC sample. This is important for two reasons. First, it strongly suggests that the north is not impoverished and lack of capital is not a pressing problem. Second, it debunks the GCC notion that the north is necessarily poor, and suggests that GCC thinking about the TCC's economic potential may be outdated.

This, in turn, suggests that a critical reconsideration is needed regarding a common assumption that the TCC will automatically be in the position of the supplicant to the GCC if the Cypriot economies are integrated. As one TC source commented, GCs consider themselves as the gatekeepers to prosperity and economic opportunity. The economic data collected is also significant because it points to a possible over-estimation of problems northern Cyprus would face in the event of a solution; indeed some TC interviewees strongly believed that growing capital investment in northern Cyprus could compete with the RoC in the key tourism industry if a settlement did not transpire.<sup>42</sup>

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<sup>42</sup> Interviews for this paragraph by M.K. Flynn, Sept. 2010.

Access to capital for ordinary citizens is essential in almost any economy, whether it be for consumption or investment purposes. With this in mind, the general household survey asked respondents, first, how easily they could acquire €2,000 of emergency capital. A clear difference was observed here between the two communities. While 43.2% of GCC respondents would find it either impossible or very difficult and 35% easy or relatively easy, TCC respondents indicated that only 18% would find it impossible or very difficult and 68% easy or relatively easy (Figure 3). Closer analysis of the data indicated that it was especially TCs and not TOs who had greater access to this emergency finance.

Respondents were further asked 'does your family own property that it can sell to raise money if it needed to?' Just over one third (37.2%) of GCC respondents felt this was possible while 62.8% did not. Again, TCC respondents appeared better placed with over two-thirds stating that this was possible and only 31.9% stating it was not (Figure 4). Closer consideration of the TCC data again revealed TCs were especially advantaged with just under three-quarters reporting they could sell property compared with just under half of the TOs.

Survey participants were also asked how easy it would be for them as individuals to obtain a loan from a bank for €10,000 and €40,000 respectively. For GCC respondents, 53.2% said they would find it extremely difficult or impossible to borrow €10,000 and almost three-quarters (74.3%) would be unable to borrow €40,000. About one quarter (24.3%) would find €10,000 relatively easy to borrow and only about one in ten (9.9%) could borrow €40,000. Again, responses from TCC participants suggested better access to capital. 34% would find €10,000 relatively easy to borrow while some 15.7% could borrow €40,000. Significantly fewer TCC (40.2%) than GCC respondents would find it almost impossible to borrow €10,000 although the proportion who would find it almost impossible to borrow €40,000 (73.7%) was much the same as for the GCC (Figures 5 and 6).

Interestingly the relationship between age of respondents and access to credit appeared to matter most for GCC respondents. The oldest group (56+), for example, found a €40,000 loan harder to acquire (75.5%) compared with those in the 18 to 35 and 36 to 55 age groups (50.3% and 53.7% respectively). However, in the TCC there was no significant difference across age groups in accessing loans. Overall, the surprising find here is that capital availability in the north may be more substantial than previously realised, and therefore offers greater economic potential for investment in the future than is commonly recognised.

### **Economic Management and Business Relationships**

Respondents to the general household survey were furthermore asked whether those responsible for the economy in the GCC and TCC cared about the interests of ordinary people. Over half (55.8%) of GCC respondents answered in the negative compared with 44.1% from the TCC (Figure 7). The survey also asked whether there were institutional safeguards of their economic interests. Some 47.4% of GCC and 44.8% of TCC respondents felt that there were no such institutional safeguards (Figure 8).

Additional questioning concerned views about adoption of the euro. For the RoC, this happened in 2008; for northern Cyprus the issue remains a distant prospect. Interestingly, there were some very different responses here. GCC respondents were almost equally divided on the issue with 35% of respondents stating it had been entirely or quite a bad thing for the RoC economy and 38.5% believing it had been entirely or quite good. On the TCC side, however, asked what the effect would be if the euro were to be adopted in the north, only 17% felt it would be a bad thing while almost 47% stated that it would be a good thing (Figure 9).<sup>43</sup>

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<sup>43</sup> We emphasise here, however, that the survey results predate the current eurozone crisis, so opinions may very well have changed on this particular point.

As already noted in Section V, survey respondents from both sides are wary of relationships that could put them at a disadvantage, such as having a boss from the other community. They are also very resistant - especially in the GCC - to doing anything that could support the other side's economy, and this is linked to the wider issue of recognition and legitimacy. But participants in the focus groups appeared more open to changing employment relationships. The left-wing and centre GC participants, for example, stated a willingness to maintain personal and professional relationships with people from the other community as based on mutual respect and understanding. As importantly, they expressed a willingness to support comprehensive access by TCs to all sectors of employment, whether public or private, and on an equal footing with GCs. While TC focus groups also found that individuals were willing to engage with the GCC, some expressed concern. Others argued that they would be more willing to do so only *after* a solution, while at present some participants also resisted greater interaction because they found GCs 'patronising ... I don't like their attitude' (TC 35+ Left).

Overall, however, findings have not indicated that a process of moving towards a single economic system for the island will be straightforward. Survey responses suggest deep concern in both parts of Cyprus about the possibility of future economic interaction in any form ranging from the simplest of routine economic transactions to more complex personal relationships, like working with colleagues and bosses from the other community. Earlier in this report, the issue of a lack of trust between the two communities was discussed and this clearly remains an important barrier to progress as well from the economic perspective.

### **Economic Activity and the Crossing Points**

The crossing point survey, as opposed to the general household polling, was designed to identify patterns of economic activity for those actually crossing from one side to the other. The frequency (or not) of crossing points was already addressed in Section V. Crossing point survey respondents were asked to select from

a range of possible activities they might undertake on a visit to the other side and the results are noteworthy. Of those travelling from the RoC, over three-quarters (76.6%) crossed the line to visit places of interest or worship or their family's place of origin. In other words, most visits by GCs would seem to involve no necessary economic activity. Only 11.5% of this sample shopped or used restaurants/cafes compared with just over 38% of those crossing from northern Cyprus into the RoC (Figure 10). TCs were also far more likely to spend money when crossing than Greek Cypriots (Figure 11).

Disaggregating the crossing point data by profession also produced interesting findings. For those crossing from the RoC the only really significant group in terms of economic activity on the other side were unskilled labourers, manual workers and domestic workers of whom 57.3% visited shops, restaurants and cafes. The next highest was the company owner group (33.3%) and then self-employed professionals (15.4%). The picture for those crossing from the north into the RoC, however, was quite different by profession. Those having the greatest impact through economic activities were: students and drafted soldiers (56.2%); non-desk job service sector employees (50%); middle managers (50.7%) and desk job/clerical employees (46.9%). Thus it is clear that the principal rationale for those crossing from the RoC is primarily to undertake activities with little economic impact while those crossing the other way more often undertake significant economic activities.<sup>44</sup>

Crossing point survey respondents were also asked how much money they spent on their last visit. Of those coming from the RoC who spent money on the other side (669 responses), the largest number (239) spent between €20 and €50 with a further 119 spending between €50 and €100. For those making the crossing from the north who spent money (691 responses), 238 spent between €20 and €50 while 125 spent between €50 and €100 (Figure 12). Therefore, more money is spent by people crossing from the north than *vice versa*. While expenditure estimates here are slightly

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<sup>44</sup> This confirms findings by Hatay *et al.*, and Jacobson *et al.*

lower than reported in other surveys,<sup>45</sup> it remains the case that visitors from the north spend significantly more than those from the RoC on visits across the Green Line.

In terms of what money was spent on, visitors from the RoC to the north spent mainly on clothing and accessories (76.2%), and household goods and foodstuffs (16.3%). In terms of services purchased, some 59.4% spent money in cafes, bars and clubs while significant expenditure was also made in restaurants (21.6%) and casinos (16.5%). For those crossing from the north, 56.6% purchased clothes and accessories, 14.5% household goods and foodstuffs, 10.8% alcohol and tobacco, and 5.1% cosmetics. With regards to services, 45.1% spent money in cafes, bars and clubs, 47.2% in restaurants, and 5% on healthcare (Figures 13 and 14).

However and as already noted in the general household survey, a significant proportion of those crossing, especially GCs crossing into the north, are reluctant to spend money on the other side for political and ethical reasons. The pattern was largely replicated in the crossing point survey. Of those from the RoC who had *not* spent money, three quarters (74.7%) stated that the need to spend money had simply not arisen. However, almost two in five (18.5%) said that they did not wish to support the economy of northern Cyprus, while only 2.4% said this was because they did not trust the quality of the other side's products. For those crossing from the north into the RoC who had *not* spent money, almost four in five (79.3%) stated that the issue simply had not arisen yet. However, 15.8% admitted that it was because they did not wish to support the economy of the other side while a further 4.9% felt that prices were too high (Figure 15).

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<sup>45</sup> Peace Economics Consortium, 'Economic Interdependence in Cyprus' (Nicosia: Cyprus Chamber of Commerce & Industry and Turkish Cypriot Chamber of Commerce, 2011).



## Conclusion

The profile of Cyprus based upon these survey results and other project data suggests that, while some economic interaction has been stimulated as a result of the opening of more crossing points, widespread attitudinal obstacles remain to greater economic interaction, aside from the issue of Green Line regulations. There is also a notable degree of cynicism regarding the ability and will of politicians to look after people's economic wellbeing (Figure 16). However, focus group discussants and contributors to the economics symposia suggested that reaching a satisfactory settlement to the Cyprus problem was actually in the economic interests of both communities, with the potential to both generate increased cross-border trading and create significant economies of scale with associated cost savings.<sup>46</sup> In turn this would likely make Cyprus overall more globally competitive; as one interviewee noted,<sup>47</sup> Cyprus could then profit from its important 'hub' location as a central point between markets in the EU, North Africa and the Middle East. GCC symposium participants further observed that the best strategy for the future might be to focus more on maximising this economic potential and less on the 'Cyprus problem' itself.

There is a school of thought arguing that increasing economic activity across the Green Line might blur it almost by stealth.<sup>48</sup> While this may be a hopeful approach, it is also inconsistent with the very real hurdle created by the special regime around Green Line Regulation as implemented by the EU. Obstacles presented by the Regulation furthermore chime with social and political attitudes as shown through our polling data. Moreover, our data indicates that the types of economic activity conducted by visitors crossing the Green Line are not the same on each side with those crossing often motivated by very different reasons. Those coming from the north to the RoC tend to shop, use public services, enjoy cafes and restaurants as well as work, and hence spend considerable amounts. Conversely, visitors from the

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<sup>46</sup> See also Mullen *et al.*

<sup>47</sup> Interview by T. King, February 2011.

<sup>48</sup> See Peace Economics Consortium.

RoC more often cross north to visit areas of origin or places of interest or worship. This generates much lower levels of spending, often accompanied by a high level of grievance linked to visiting areas from which they or their families were displaced.

Meanwhile a large proportion of both TCs and GCs do not cross at all or have only done so once. This is linked to a marked reluctance by significant numbers of GCs and TCs to do anything that could support the economy of the other side. Therefore, economic transactions remain overwhelmingly at the *ad hoc* micro-level, while formal, large-scale economic interaction is virtually non-existent. The kind of personal economic activity we have observed is symptomatic of low levels of societal trust on both sides. Developing economic policy approaches that could support broader moves towards reconciliation for Cyprus, then, have to confront these issues. Focused financial support for cross-border small and medium-sized enterprise initiatives, possibly involving simultaneous infrastructure developments to improve communications and transport, could be considered for example. Trade fairs, designed to encourage the inflow of foreign capital, could also encourage greater trust and bi-communal interaction, if they are genuinely open to both sides and on equal terms.<sup>49</sup> Ongoing engagement with and between the two Chambers of Commerce should continue and be supported. But at the same time, an in-depth reconsideration of the relative economic strengths and weaknesses – based specifically on the contemporary situation for both communities – is also needed, as existing preconceptions may no longer hold true.

However, full scale change in economic relations between the two communities depends on political movement and substantial transformation of the rules of engagement across the Green Line. Whatever economic adjustments can be brought about are very limited without discernible political progress in resolving the Cyprus problem and – crucially – creating a sympathetic regulatory framework. Economics

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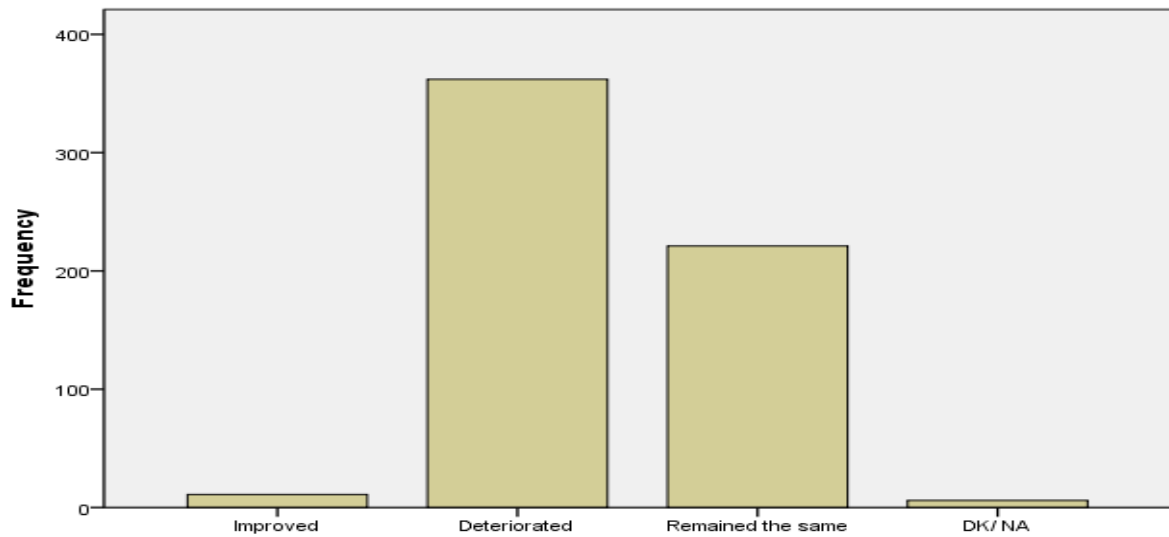
<sup>49</sup> See also Hatay *et al.*, pp. 73-78

can support a process of change but cannot work in isolation from other factors, such as questions of social trust within and between the two communities.

Figure 1 (General Household Survey - GHS)

Compared to a year ago, would you say your household's economic situation has improved, deteriorated or remained the same?

GCC



TCC

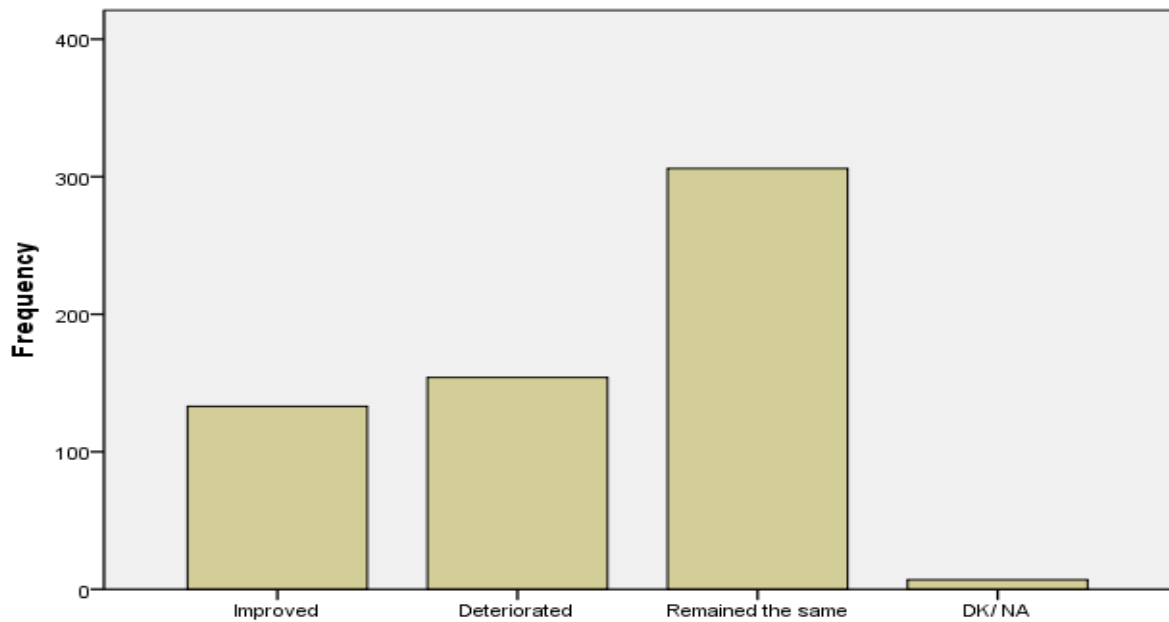
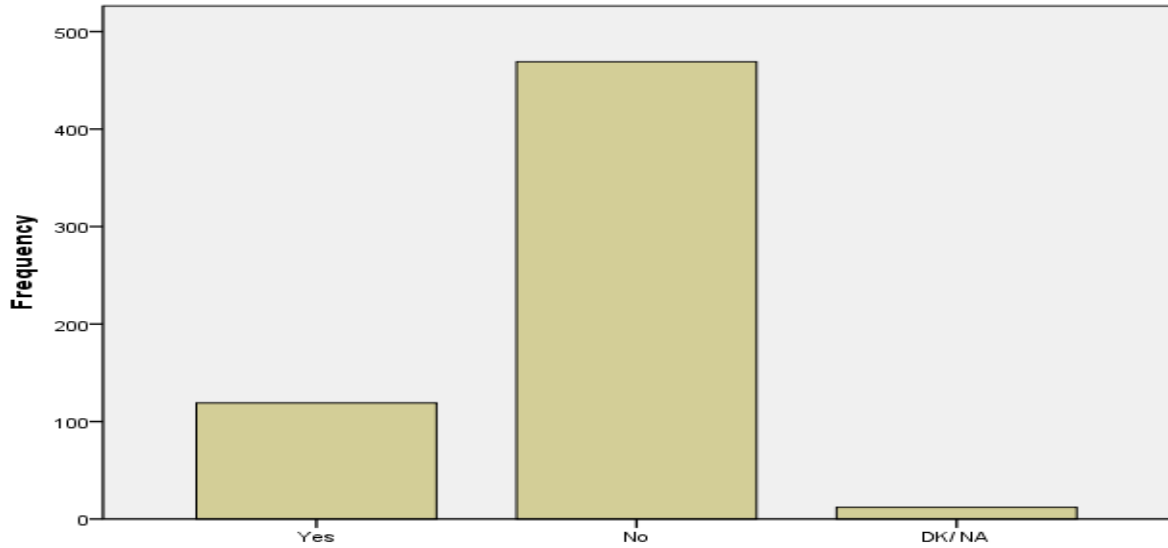


Figure 2 (GHS)

Do you save some of your monthly household income in a savings account?

GCC



TCC

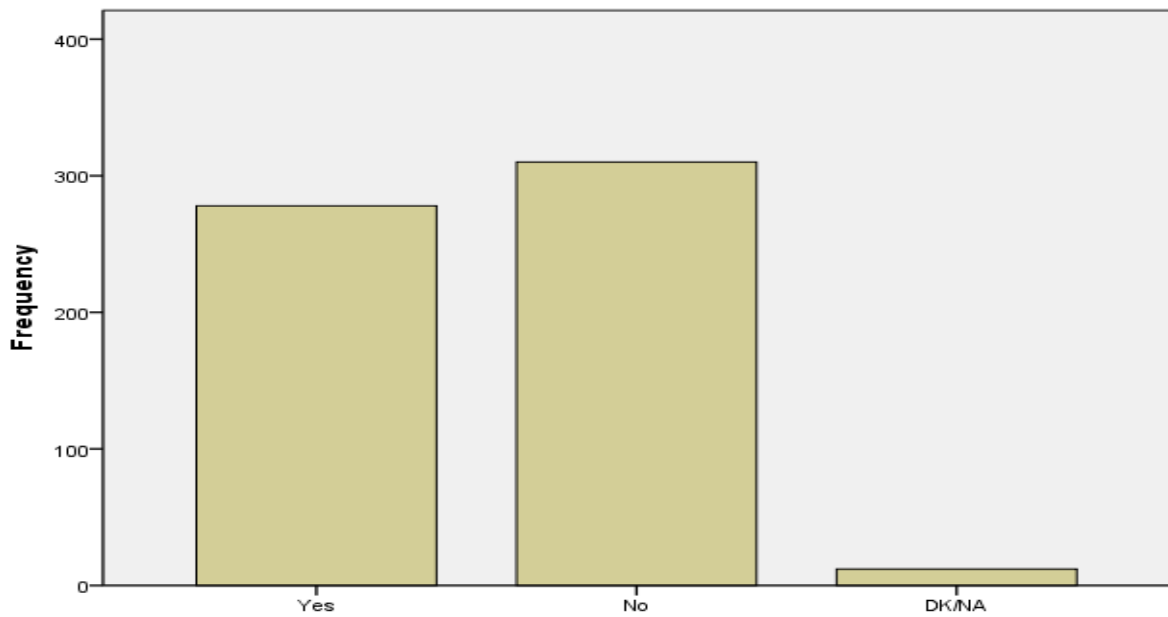
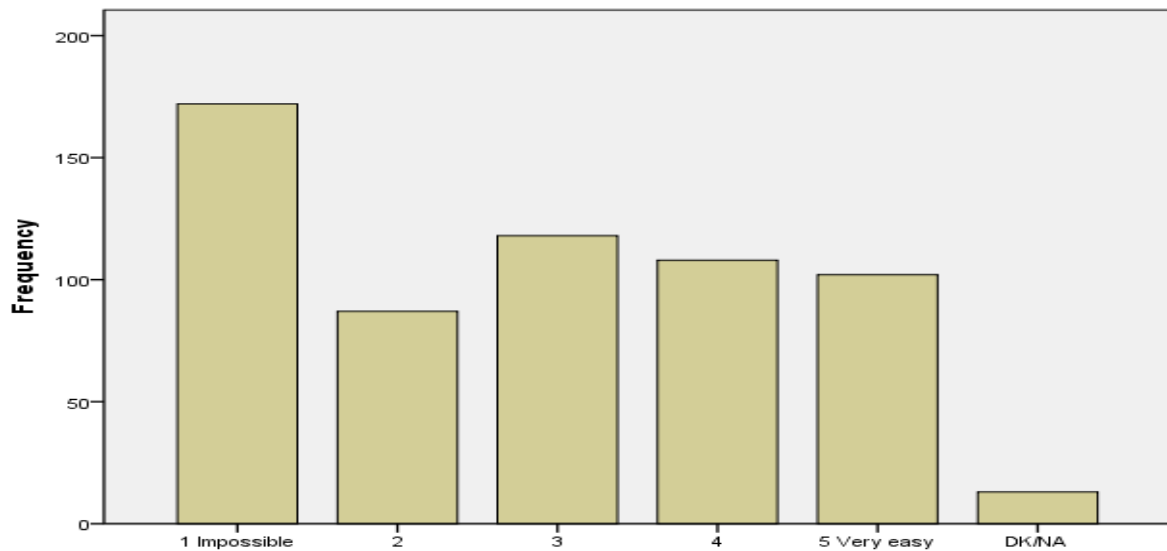


Figure 3 (GHS)

On a scale from 1 to 5 where 1 means 'impossible' and 5 means 'very easy', how easy or hard would it be for you personally to cover some emergency expenses up to €2000?

GCC



TCC

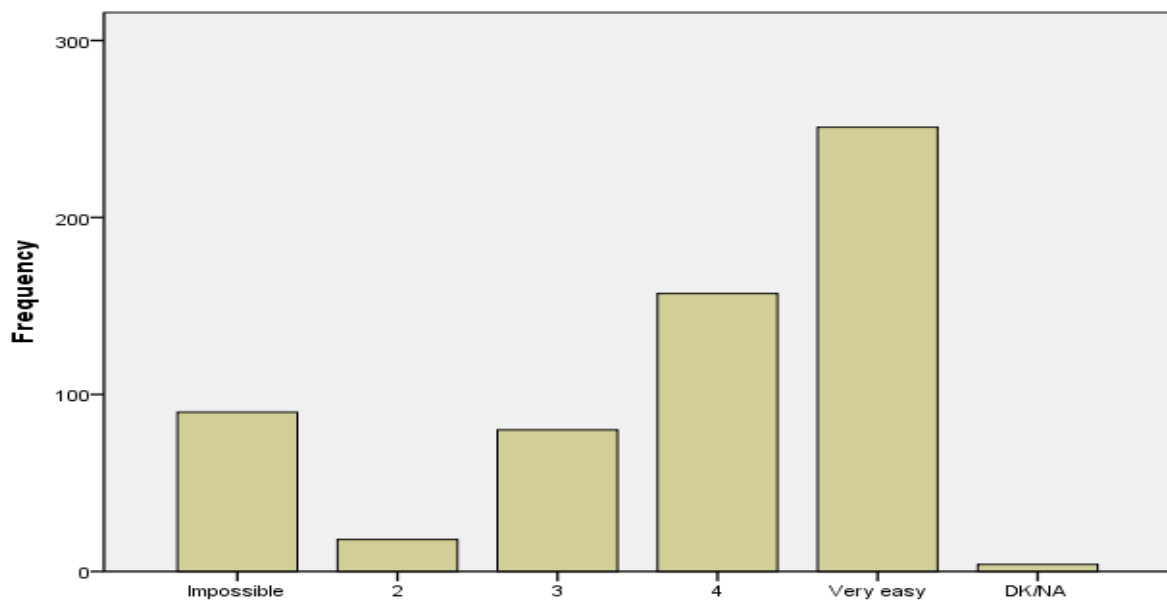
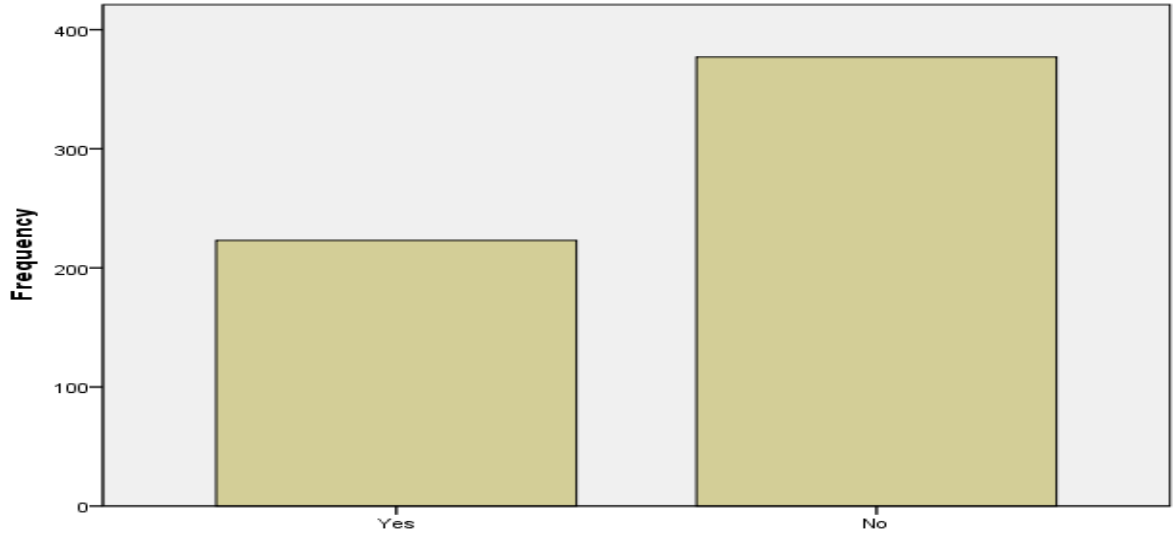


Figure 4 (GHS)

Does your family own property that it can sell to raise money if it needed to?

GCC



TCC

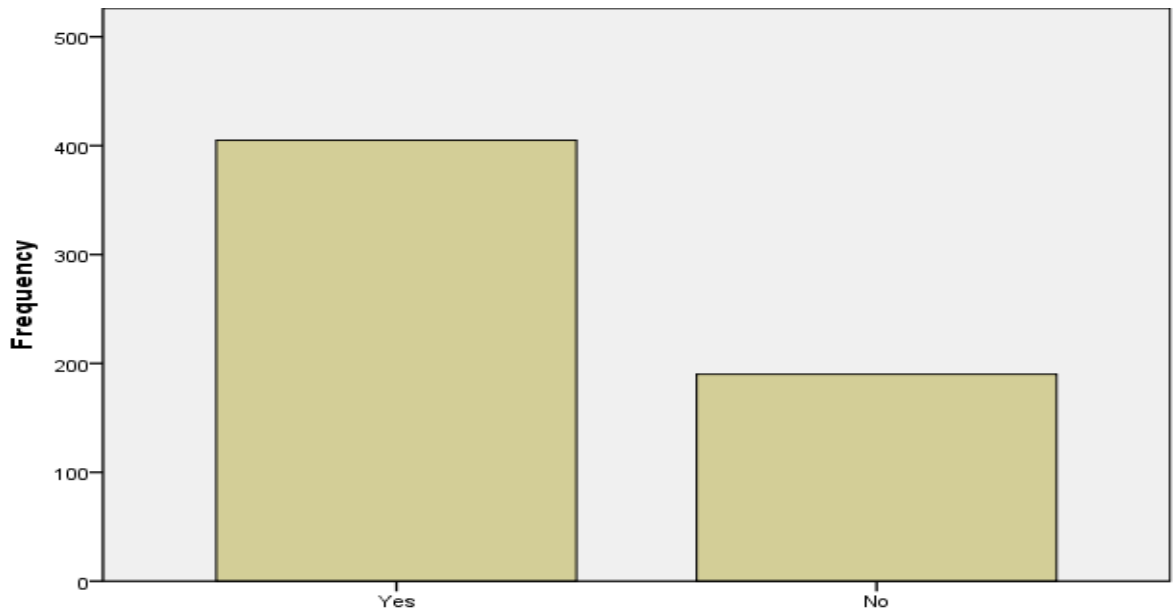
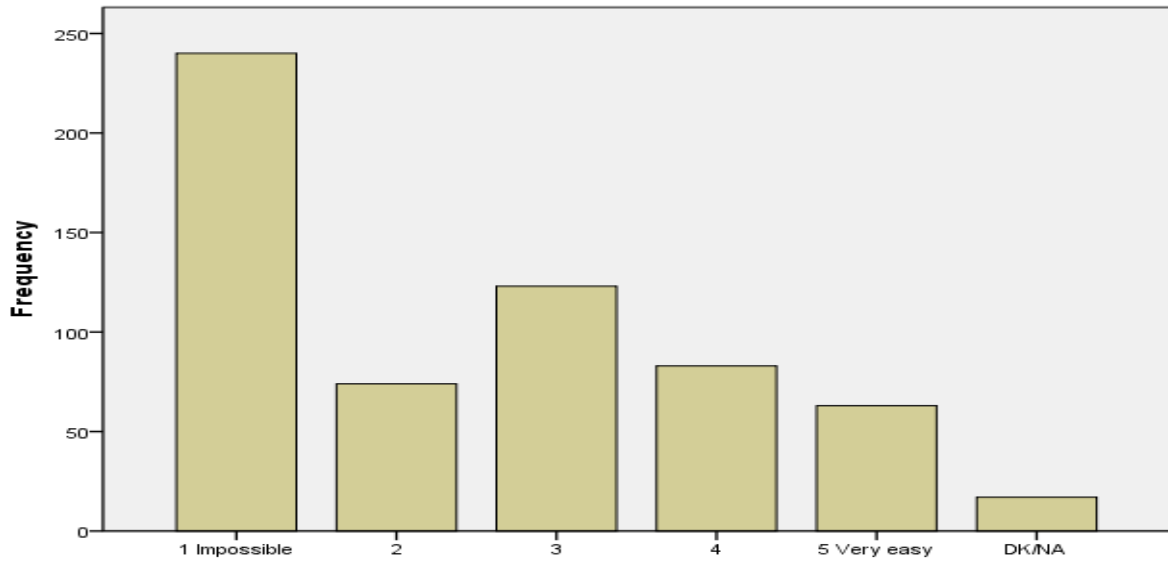


Figure 5 (GHS)

On a scale from 1 to 5 where 1 means 'impossible' and 5 means 'very easy', how easy or hard would it be for you personally to get a loan from a bank for €10,000?

GCC



TCC

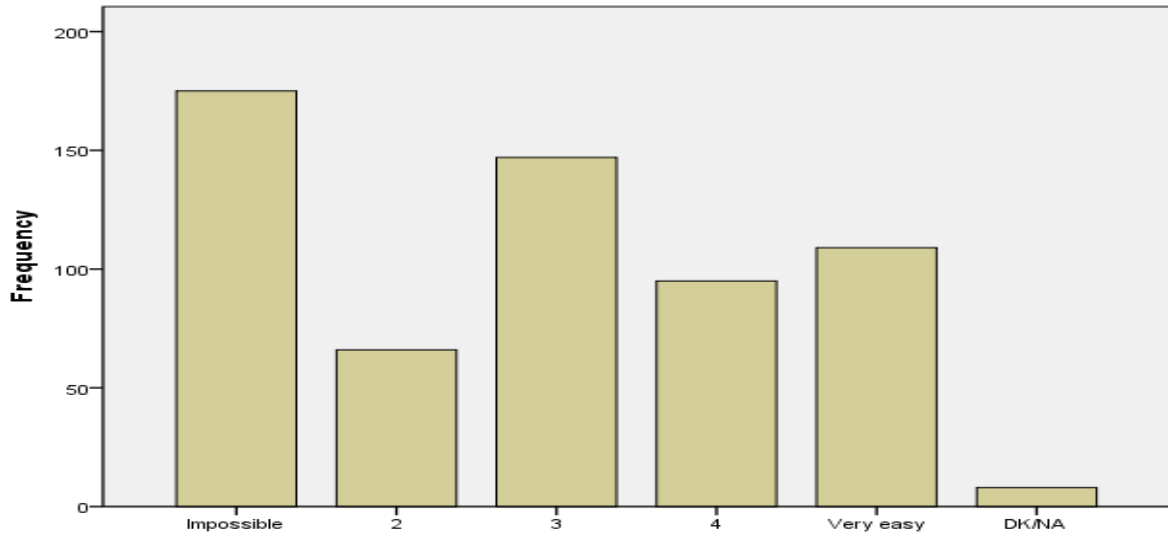
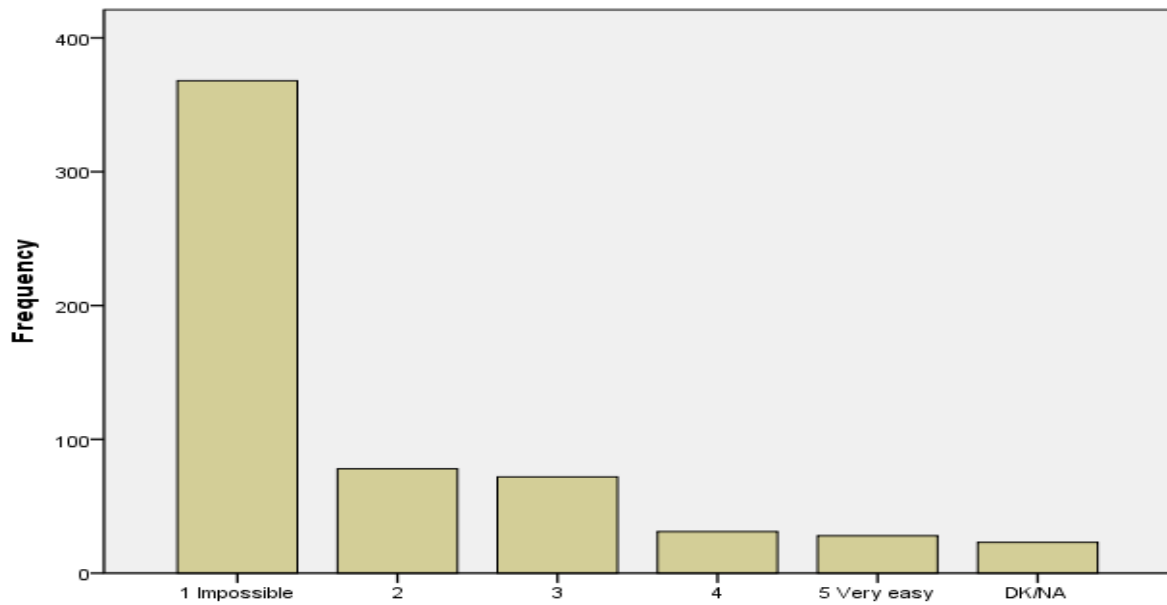




Figure 6 (GHS)

On a scale from 1 to 5 where 1 means 'impossible' and 5 means 'very easy', how easy or hard would it be for you personally to get a loan from a bank for €40,000

GCC



TCC

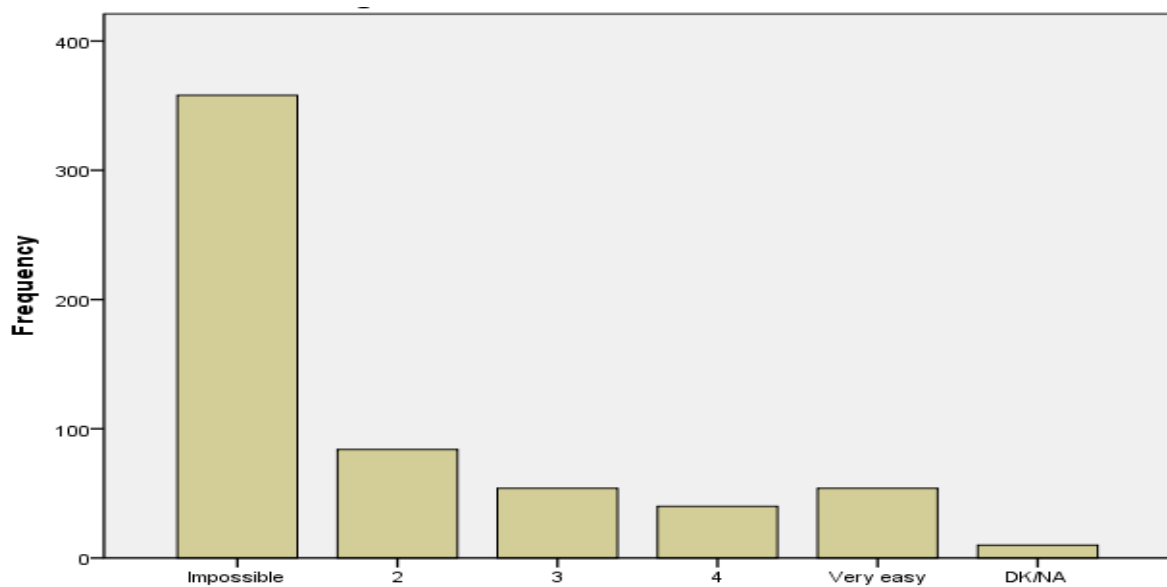
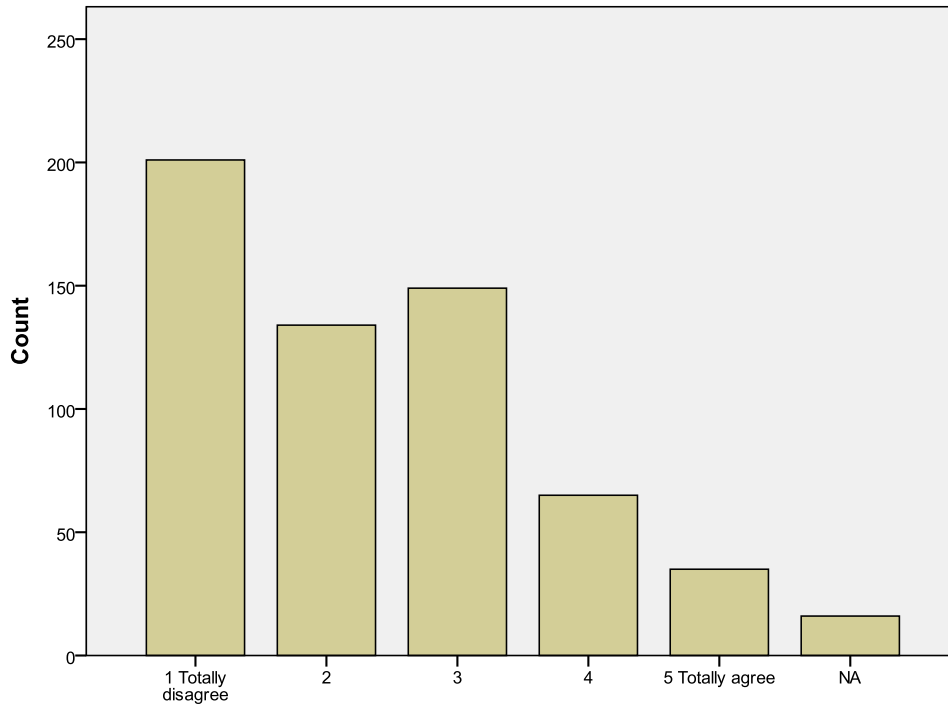


Figure 7 (GHS)

On a scale of 1 to 5, where 1 means "I totally disagree" and 5 means "I totally agree" to what extent do you agree that those responsible for the economy in the GCC/TCC care about the interests of the common people?

GCC



TCC

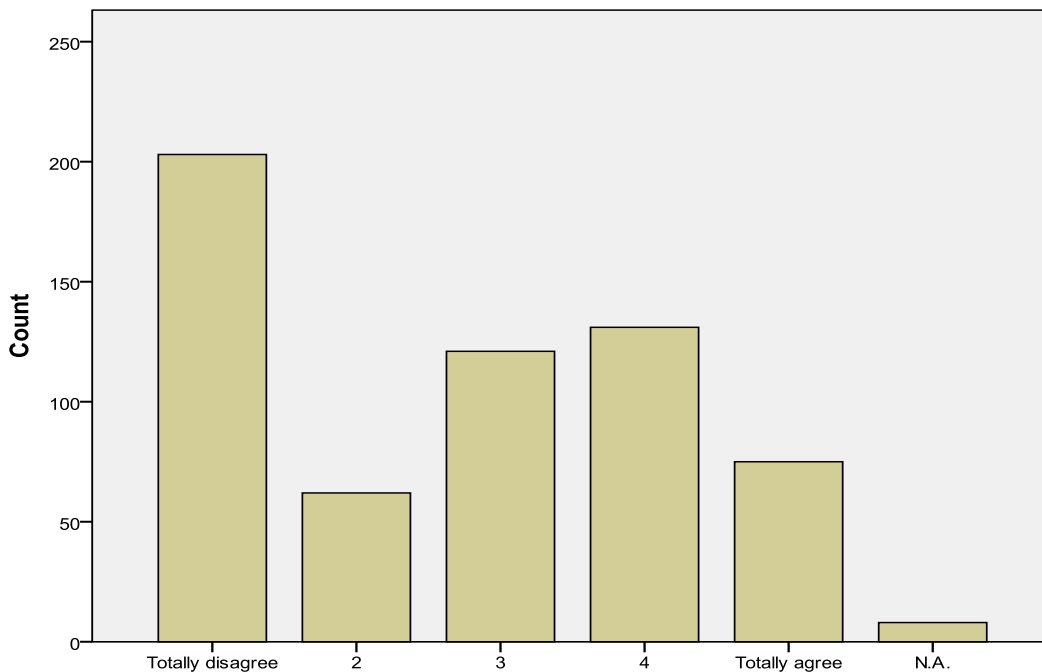
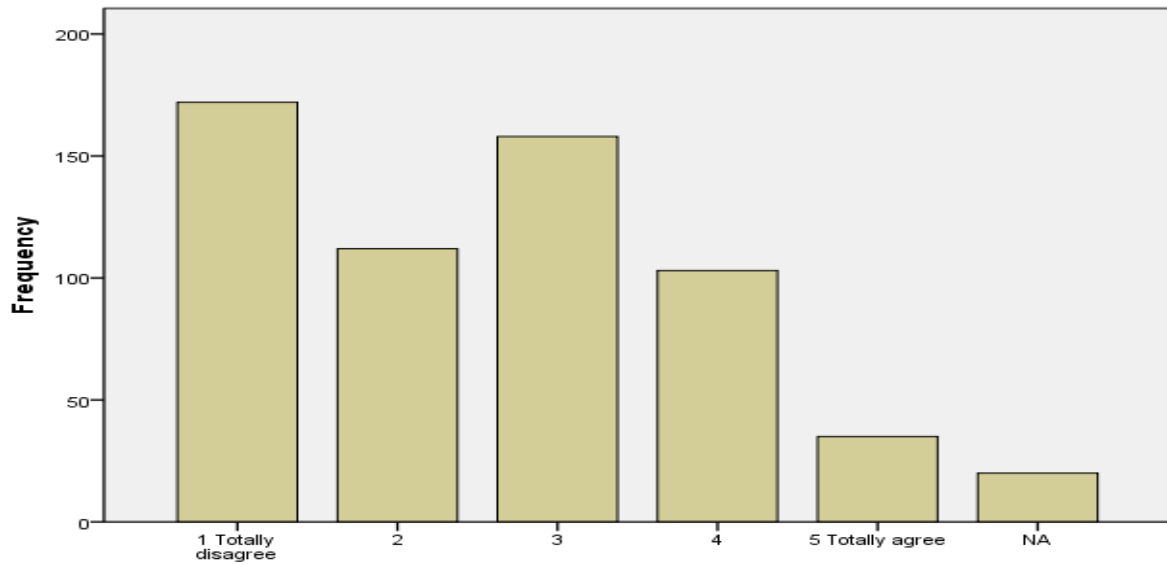


Figure 8 (GHS)

On a scale of 1 to 5, where 1 means 'I totally disagree' and 5 means 'I totally agree' to what extent do you agree that there are institutions that safeguard my economic interests?

GCC



TCC

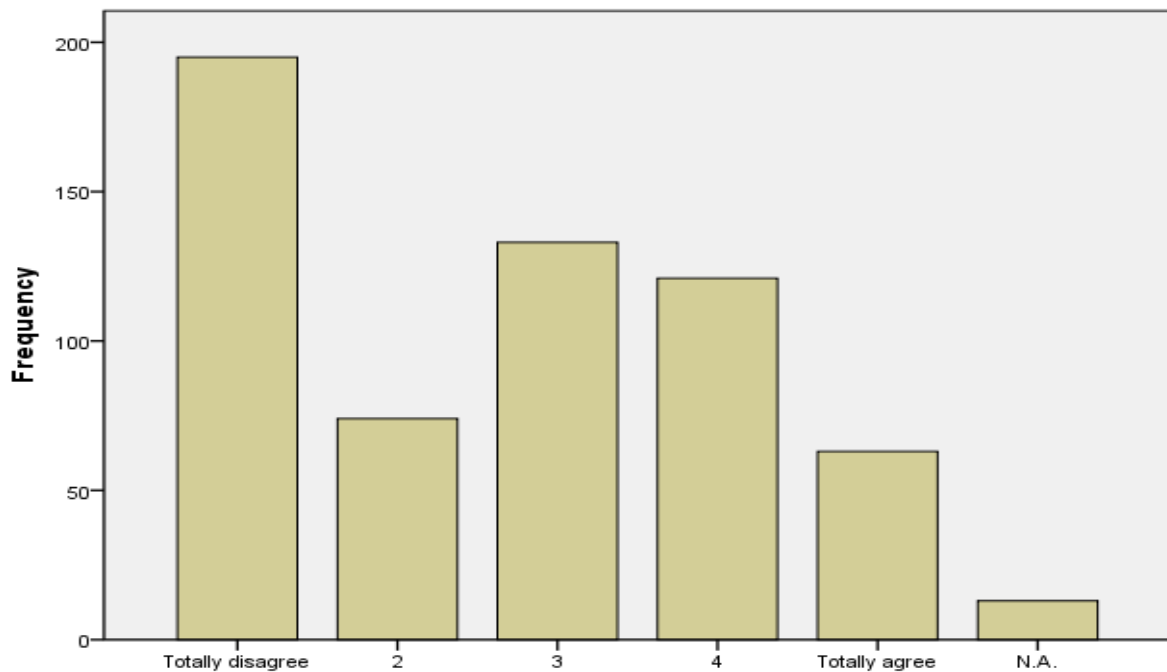
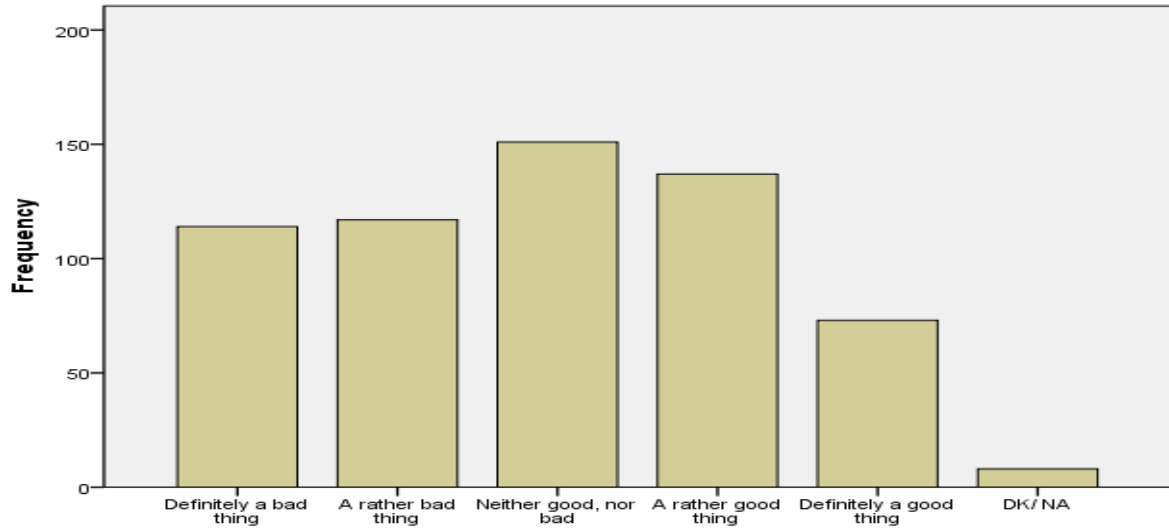


Figure 9 (GHS)

Do you consider Cyprus' adoption of the euro as the national currency is...

GCC



Would you consider the adoption of the euro as the national currency as...

TCC

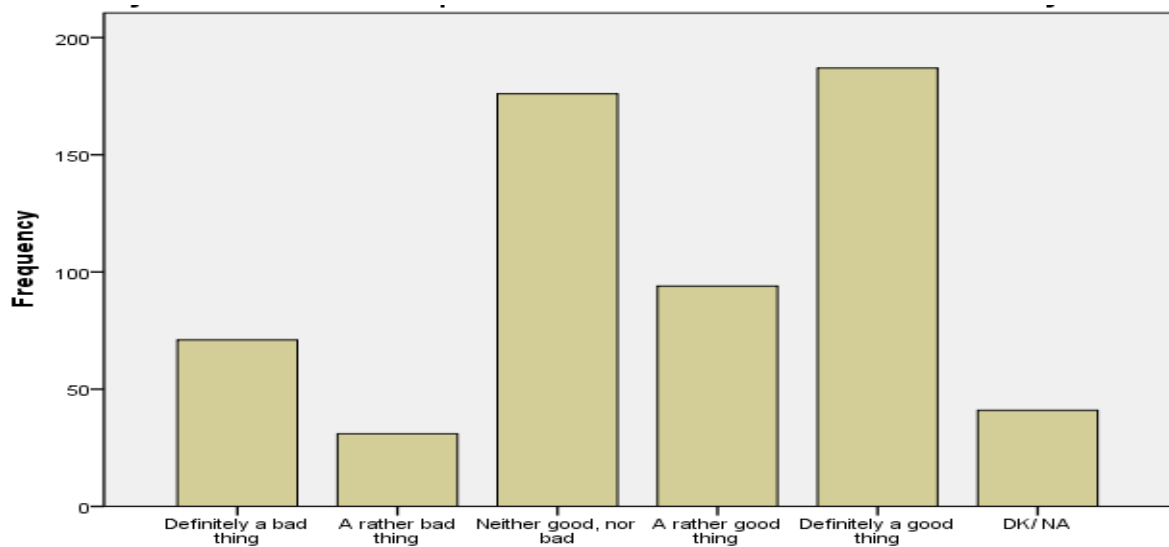
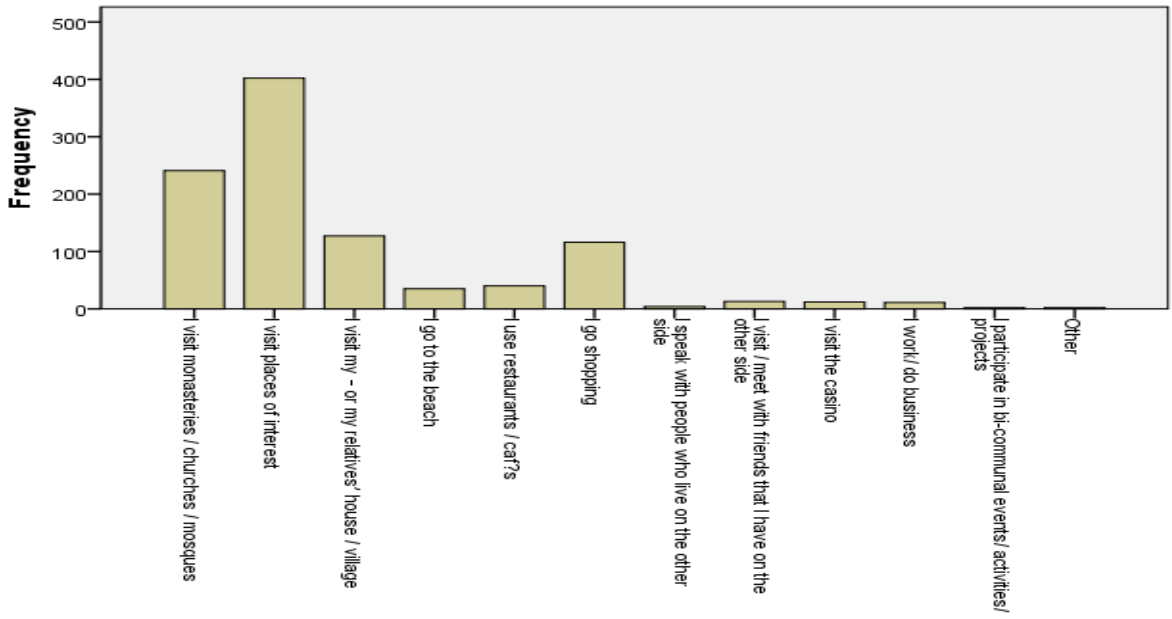


Figure 10 (Crossing Point Survey - CPS)

Which of the following activities do you usually engage in when you visit the other side?

GCC



TCC

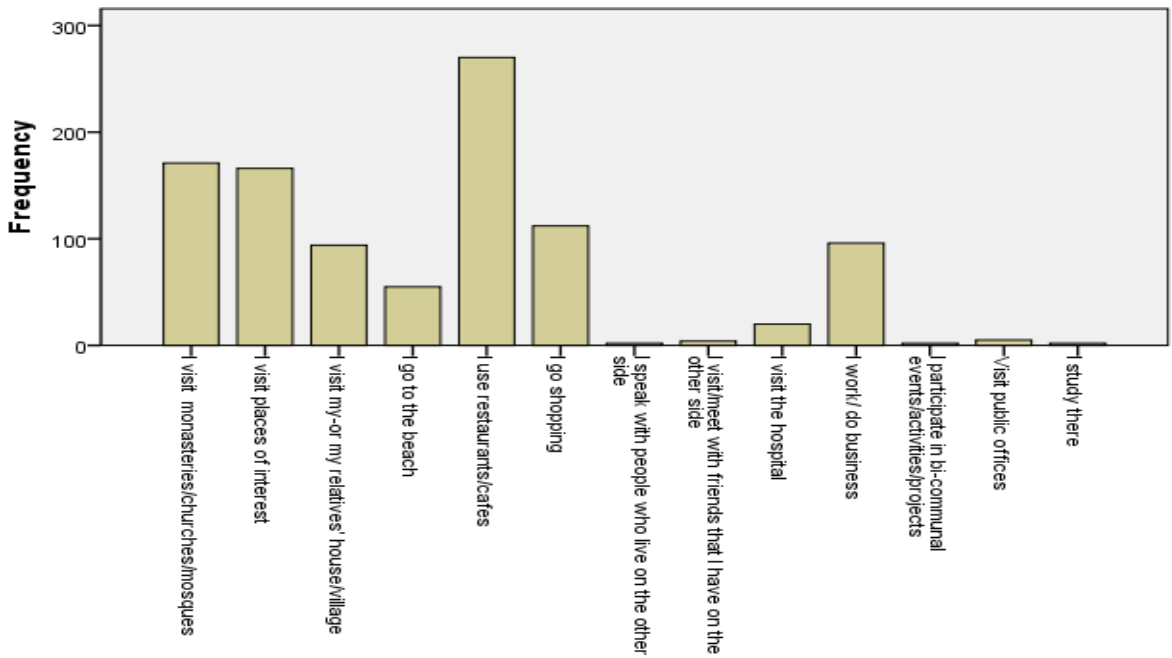
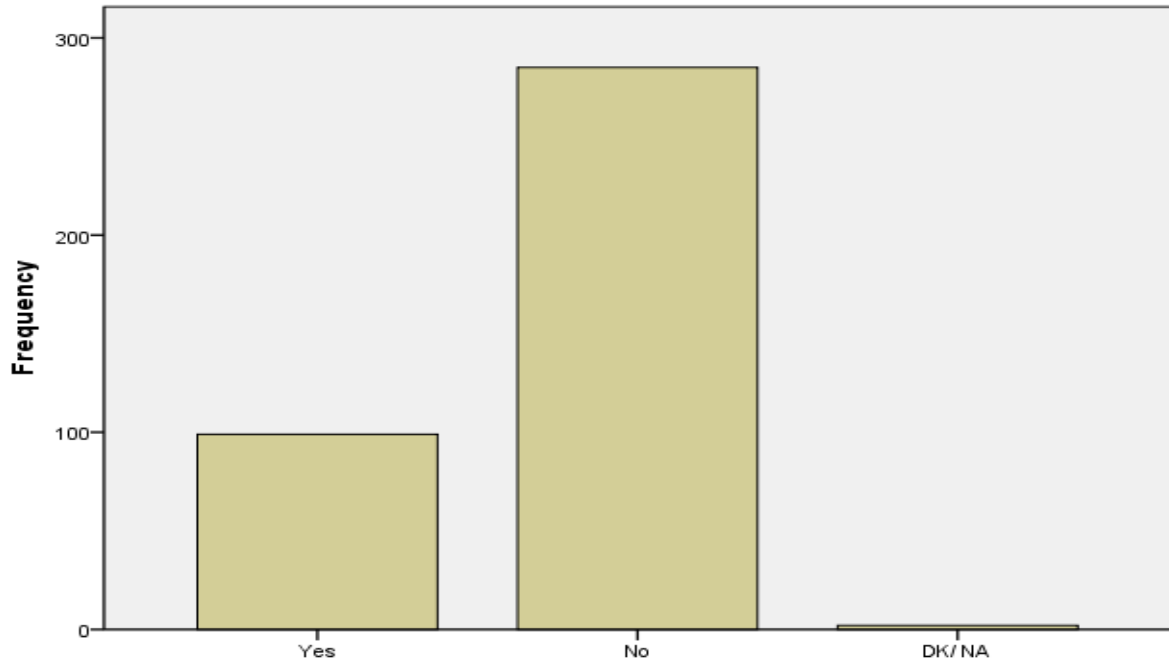


Figure 11 (GHS)

Do you usually spend money when you visit the other side?

GCC



TCC

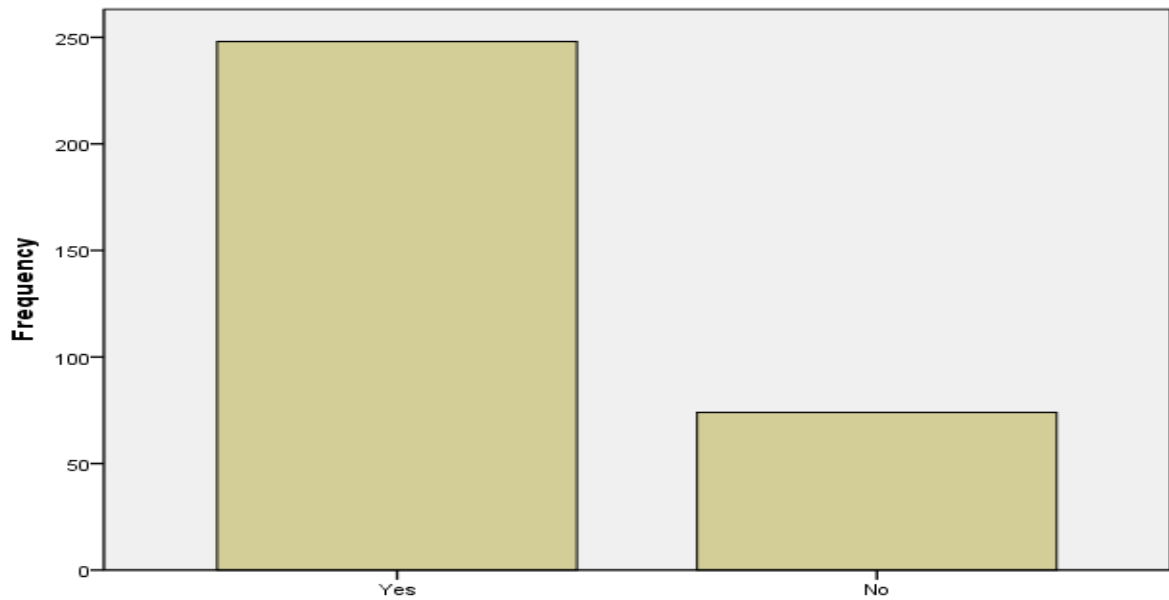
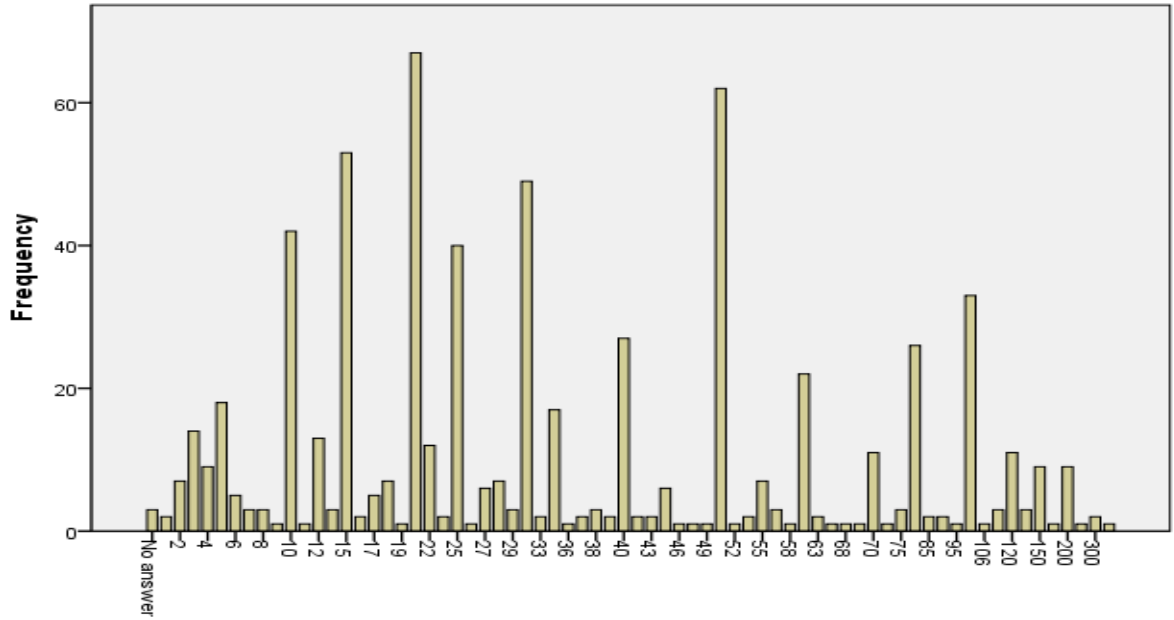


Figure 12 (CPS)

Did you spend money on the other side today, and if yes, how much?

GCC



TCC

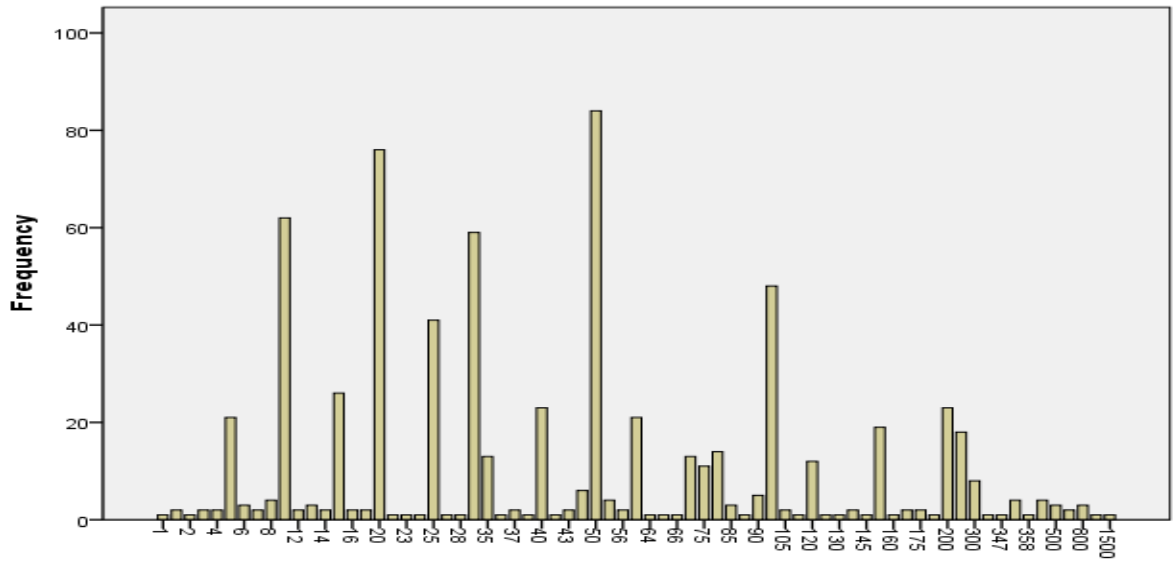
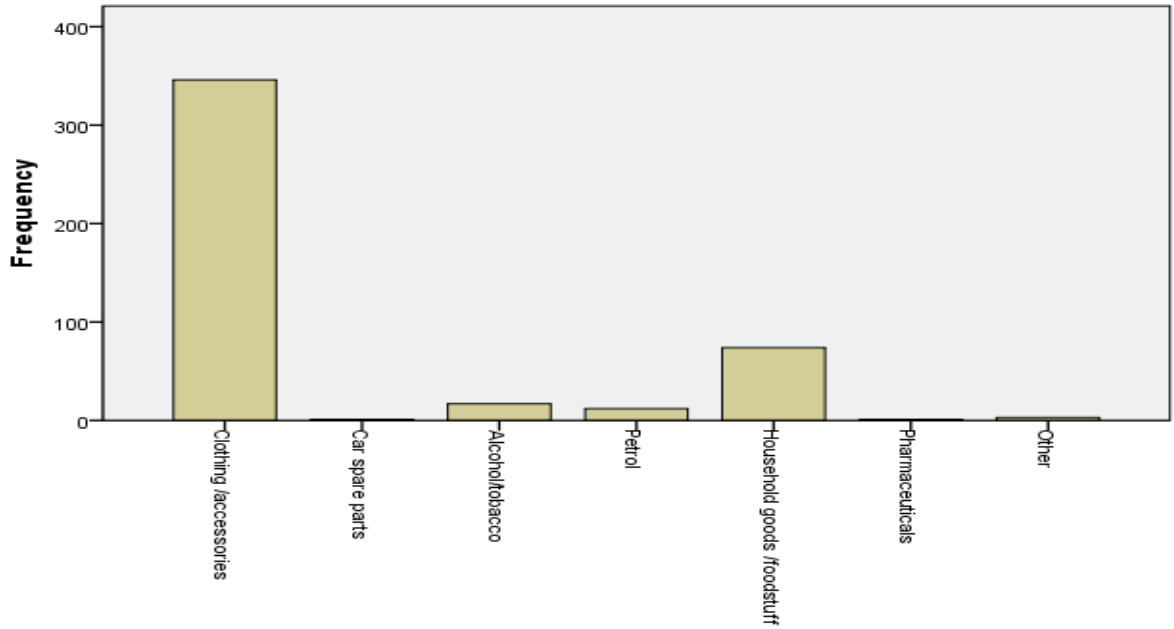


Figure 13 (CPS)

What goods did your purchase on the other side?

GCC



TCC

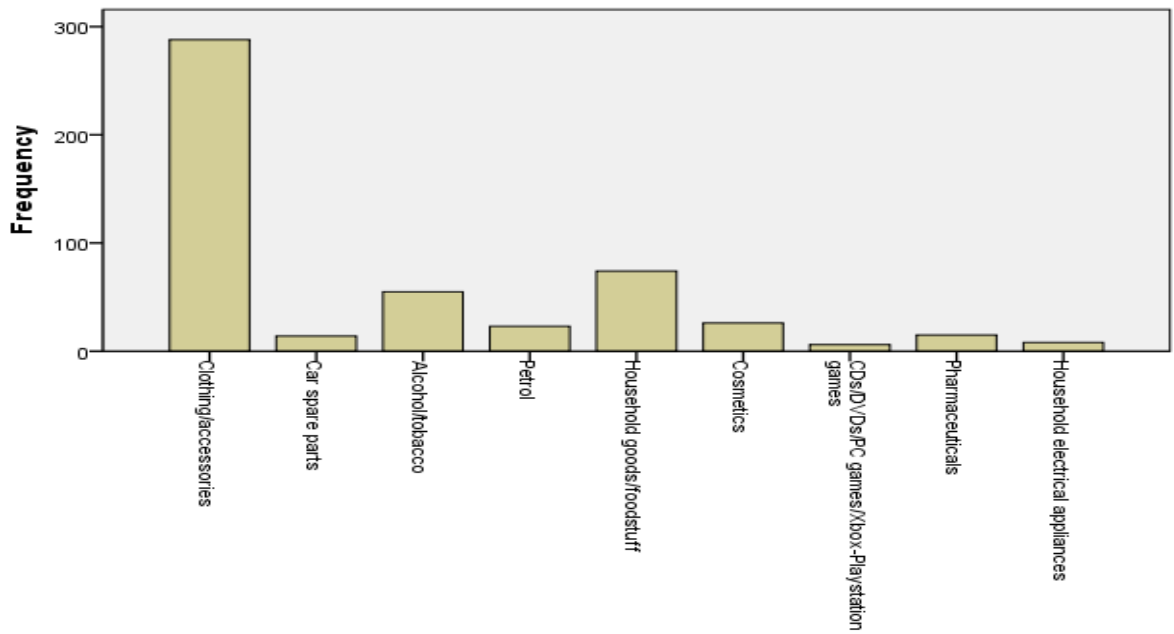
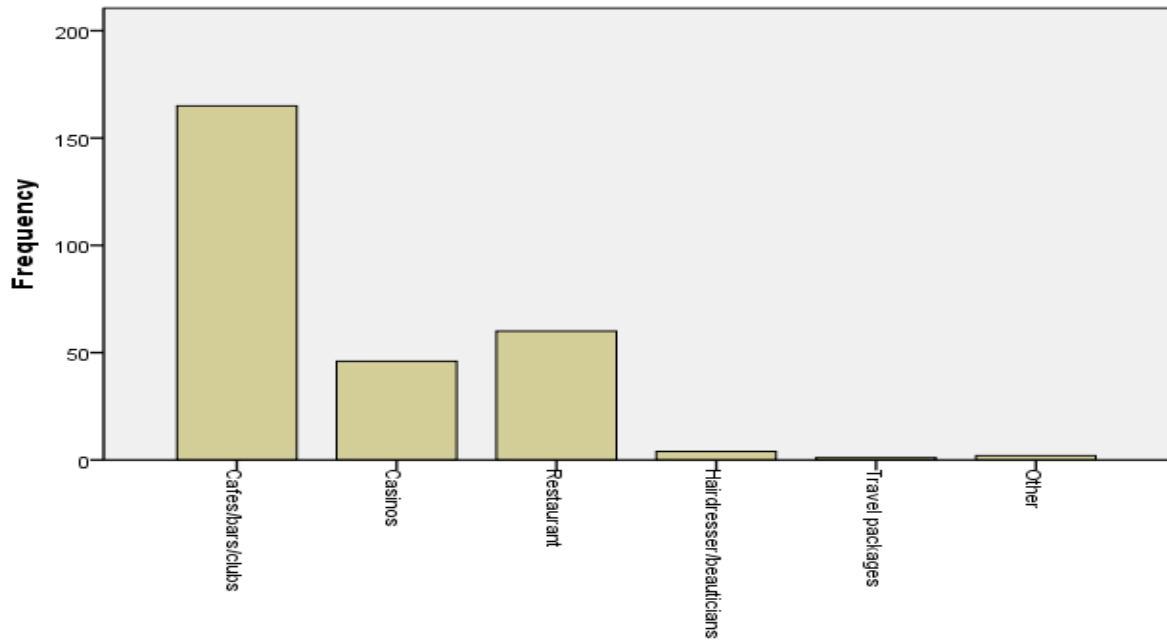




Figure 14 (CPS)

What services did you purchase on the other side?

GCC



TCC

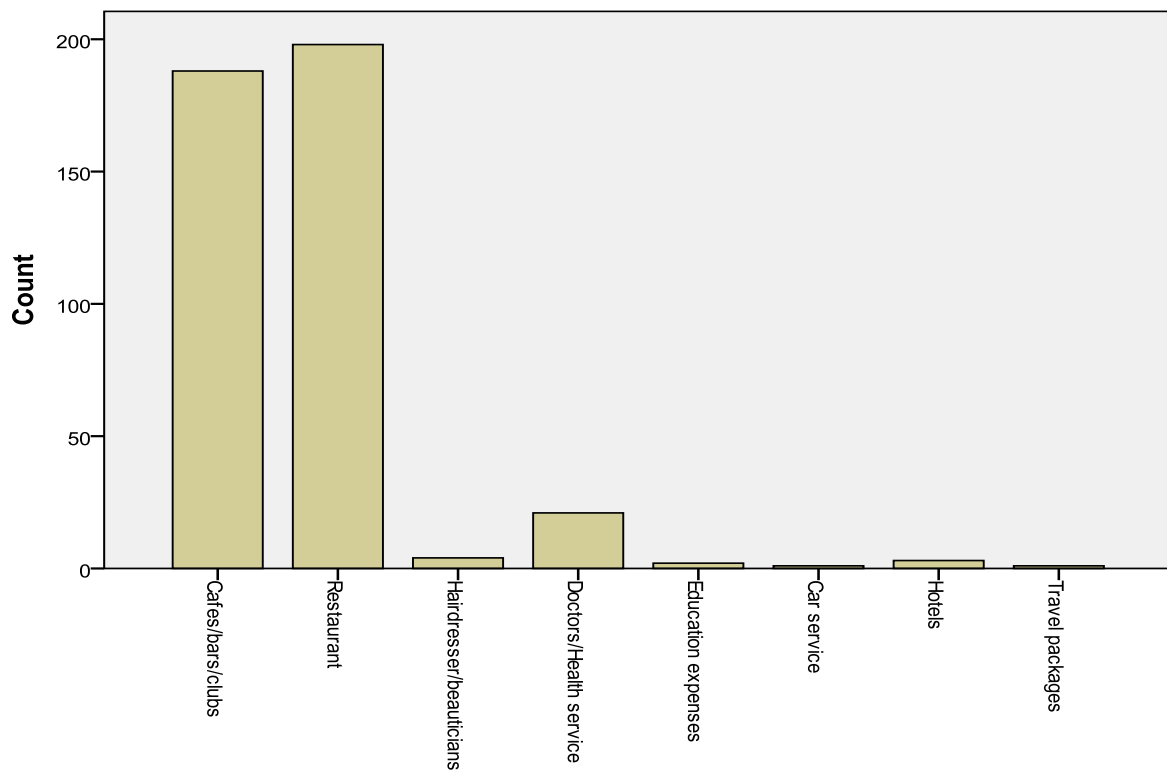
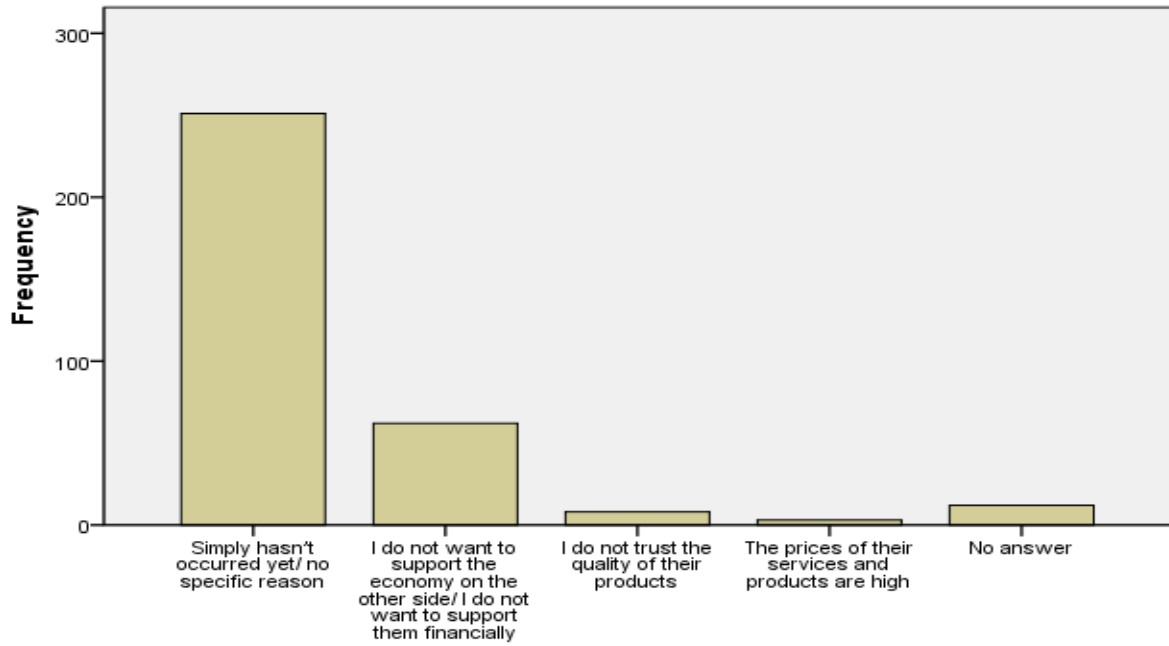


Figure 15 (CPS)

Are there some specific reasons for which you don't spend money on the other side?

GCC



TCC

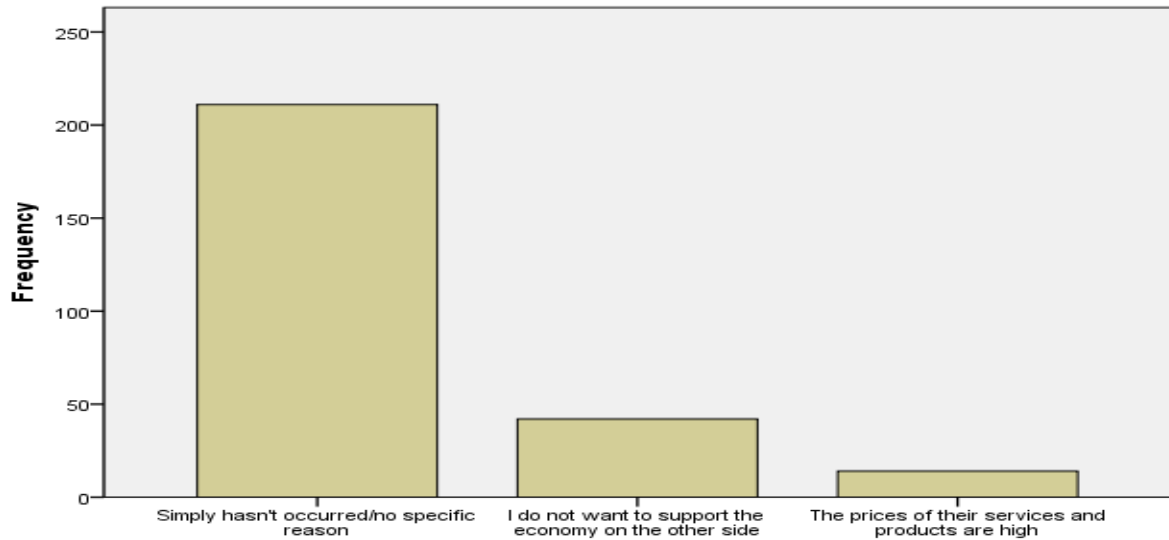
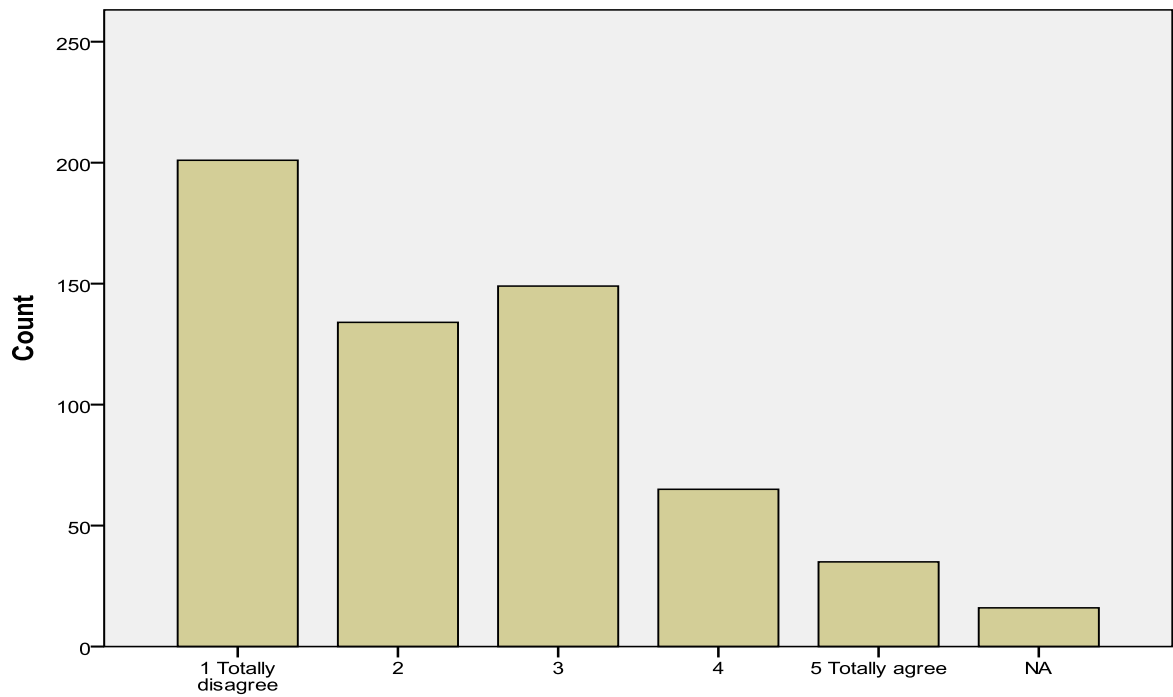


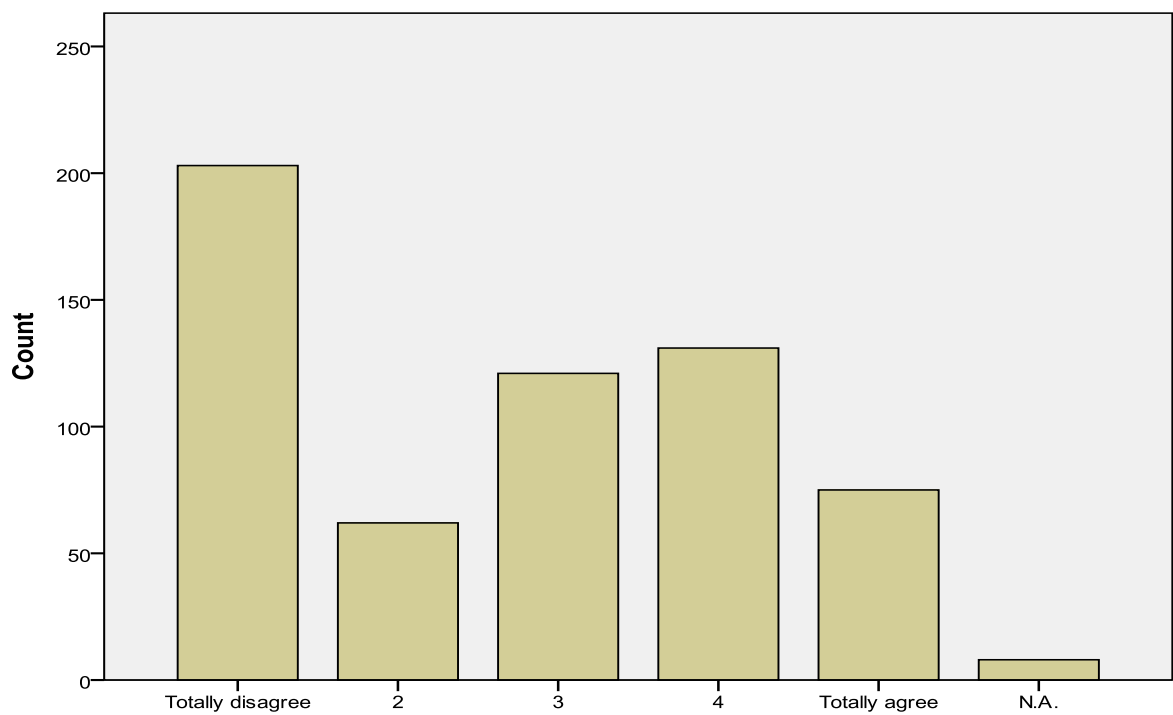
Figure 16 (GHS)

Those responsible for the economy in the GCC/ TCC care about the interests of the common people.

GCC



TCC



## VII. Project Delivery (M.K. Flynn)

This project was based on a combination of research, dialogue and dissemination (see Section III) with aspects of project delivery therefore relevant to consider as part of these summary findings. In particular what specific challenges were encountered in realizing the full intent of the project? This is in addition to assuming the routine challenges of fieldwork in different cultural, social, political and linguistic environments requiring the development of new contacts, relationships and sources of information. Furthermore the team had always expected that there would be some political objections to the project; as Ergün Olgun, former undersecretary to the presidency of northern Cyprus and well known for his uncompromising views, critically observed: 'The EU and the international community are obsessed with a federal model for reconciliation and peace economics in Cyprus.' (email, 16 September 2009). But beyond these noted issues, the main challenges we encountered as a project team can be briefly summarized under two related headings: project and programme relevance; and programme coordination.

### **Project and Programme Relevance**

The question of relevance has already been flagged near the end of Section III above. For example, we should evaluate if project methodology was valid and pertinent throughout, especially considering the lengthy timeframe of more than three and a half years from inception to conclusion. And indeed the research methodology (surveys, focus groups and interviews) remained robust, and dissemination (delivery of preliminary and summary findings) has been unproblematic. To a great extent these successes were due to the high calibre of Cypriot service delivery on both sides of the Green Line. This included services provided by survey organizations, translators, printers and caterers, as well as for venue hire and events support. All payments were transparently accounted for in full by receipts and invoices. Individuals working at Cypriot NGOs and universities were relatively easy to contact for interview, as were staff at a number of foreign missions and those

working for internationally funded organizations and projects. However, politicians and policy-makers were less available, with the notable exception of the Republican Turkish Party (CTP)<sup>50</sup> in northern Cyprus.

However, the assumption of broad interest on the part of Cypriots in the dialogue aspect of the project, regarding both its reconciliation and economic themes, was misplaced. Most telling was the low turn-out at the four stakeholder symposia, although subsequent attendance at the collaborative bi-communal event was comparatively better. Due to different communal perspectives and concerns (as apparent in the survey data), separate GCC and TCC symposia were scheduled for each of the reconciliation and economic themes. These were scheduled at different venues, days and times determined in consultation with a Cypriot event organiser with bi-communal links, and all venues were chosen in part due to their central locations. Three symposia took place in Nicosia and one in Limassol. Invitations – translated into Turkish or Greek as appropriate for each community – were sent to both targeted individuals and organizations, as well as circulated more generally. Cypriots working in event support followed up a number of invitations with phone calls in the run up to specific symposia.

Yet turnout at each event was sparse despite the different days, times, venues, cities and themes. Furthermore some Cypriots who had indicated their intent to attend simply did not show up. Follow-up discussion with a number of Cypriots who work with or organize similar functions was enlightening as they said that low attendance at such events was often a known problem. One contact observed that their organization estimated that only 2-5% of invitees would attend events; personnel working with a few other NGOs concurred. The main reason given was that many people had lost interest in attending events intended to complement a peace process because the Cyprus talks had dragged on for so long without result. Interestingly, a few Cypriots who did not attend asked instead to be provided with symposia

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<sup>50</sup> The CTP is a social democratic party in favour of the reunification of Cyprus.

materials (i.e. project research in progress). However, low turnout across all the symposia does suggest that there was little interest in the dialogue element of the project, and that the situation on the ground, in fact, lacks a sense of urgency with regards to the project topics.

Reflecting on project relevance also means considering the value of the EU's Cypriot Civil Society in Action programme<sup>51</sup> which is intended, for example, to foster dialogue. Furthermore, project themes that the EuropeAid programme encompasses, such as trust, cooperation, reconciliation and civil society, are also funded from other sources, notably UNDP-ACT<sup>52</sup> and PRIO<sup>53</sup> but also, for example, the EEA<sup>54</sup>, Council of Europe and Freidrich Ebert Stiftung.<sup>55</sup> Additionally there is another USAID-funded programme, CyPEG, focusing on economic issues. Revealingly, a good number of NGO and academic staff said that sometimes the sheer number of similar projects and events, usually taking place in Nicosia, meant that attending more than a few was difficult without detracting from one's own work, social and family commitments.

As one Cypriot conjectured about the low symposia participation: 'It is almost always the usual suspects who participate and they cannot attend all the events.... There were quite a few events going on in May and June. This is not only my view but the view of all those involved in bi-communal work' (email, 12 August 2011). Understandably, event attendance can then tend towards those aligned with one's own organization or that of one's friends, family or immediate colleagues, thus fragmenting a donor constituency with supposedly common interests. The segmented character of this constituency, what many in Cyprus refer to as the 'usual suspects', must certainly limit the impact and outreach of various funded activities.

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<sup>51</sup> By December 2010 the Cypriot Civil Society in Action programme had awarded up to €5.4 million to over forty projects.

<sup>52</sup> Co-funded by the UNDP and USAID

<sup>53</sup> The Cyprus office of the Peace Research Institute Oslo, Norway

<sup>54</sup> European Economic Area grants are funded by Iceland, Liechtenstein and Norway.

<sup>55</sup> A non-profit political foundation affiliated with the German social democrats.

In short, an element of project fatigue and overload may detract from significant interest in individual projects and events. This situation is not peculiar to Cyprus and is instead often found in places where foreign assistance is funded by multiple, crosscutting donors.

### **Programme Coordination**

The last point above raises questions regarding programme coordination, at least insofar as it impacted on this project. The most salient issue here is that the EU's Civil Society Support Team, which provided practical assistance to grantees of the Cypriot Civil Society in Action Programme, closed permanently in February 2011. This was four months prior to the project's first symposium, and coincides with when the project team had planned to make use of its assistance. Thereafter there was no apparent coordination at the programme level to, for example, encourage project managers in sharing experience of best practice or discussing challenges to work in progress. Nor was there any apparent coordination between the Cypriot Civil Society in Action Programme and like projects funded by other donors, as already inferred above.

Without some element of coordination, or at least technical knowledge sharing between projects, the EU is not making best use of its EuropeAid money as an investment in Cyprus. Indeed, there was a number of other projects undertaking work complementary to this one on reconciliation and peace economics, and an element of facilitated dialogue or programmatic cooperation may well have been mutually beneficial. These other Cypriot Civil Society in Action projects could have included, for example:

- *Cyprus Six Years after the Referenda: Re-Unification or Two-State Solution* (Arnold Bergstraesser Institut, Germany)
- *Developing Trust and Cooperation Research to Improve Civil Society Practice* (INTRAC, UK)

- *Establishing a Think Tank on Migration, Identity and Rights Studies* (Centre for Migration, Identity and Rights Studies)
- *Minority Rights: A Contribution to the Cyprus Problem* (Minority Rights Group International, UK)
- *Right to Access Information Point* (Cyprus EU Association)
- *Towards Trust Building: Reconciliation through a Common Purpose* (Turkish Economic and Social Studies Foundation, Turkey)
- *Truth-seeking and Trust-Building in Cyprus* (International Centre for Transitional Justice, USA)

Additionally, the simple provision of an EU-supported website for posting various projects' findings and other disseminated materials could have been helpful. This would also have promoted the overall public profile and impact of the Cypriot Civil Society in Action programme



## VIII. Concluding Comments

The question of uniting Cyprus has often hinged on the hopeful premise that increased social and economic interaction will encourage the GCC and TCC to reconcile their differences and develop common interests. Preliminary project findings do not necessarily support this view. The data shows that neither community agrees on what the Cyprus problem actually is, and there is widespread disagreement and suspicion about not only the shape of a post-solution Cyprus, but also the measures that could be taken to get there. There is a notable and pervasive deficit of social trust between the two, manifested in the large number of ways in which mistrust is expressed. Indeed, enhanced opportunity for contact has not necessarily *improved* trust levels but may have had - according to survey respondents - the opposite effect. However, the issue of trust *between* the communities is not an isolated factor. It should be considered as part of a related deficit of trust *within* the two communities and, significantly, of citizens on both sides regarding their own institutions.

While the Cyprus problem is cited as a primary concern by Cypriots across the island, in actuality it has little relevance to most people's daily lives, and so reasons as to *why* it should be mutually resolved are ill-defined and nebulous. Considerations of a beneficial economic future for everyone could be one binding element, but our data suggests that northern Cyprus's economy is not in the grim state that many people, especially in the south, commonly assume. This then begs the question of just how far the benefits of unification may or may not outweigh other factors. Economic interests alone do not supersede questions of social and political trust which must be at the heart of a successfully negotiated settlement in the future.

## IX. Project Team (UWE)

**Dr. M.K. Flynn** is Senior Lecturer in Politics and convenes the University Peace and Conflict Research Cluster. She took a DPhil in Politics from the University of Oxford and has worked at universities in Ukraine, Israel and South Africa as well as the UK. Her expertise includes: ethnicity and conflict; peacebuilding; democratisation; transitional justice; and the politics of contested history and heritage. Prior to work in Cyprus she has specialized in work on Northern Ireland, South Africa, Spain and parts of the former USSR. She serves on the editorial board for the leading academic journal *Ethnic and Racial Studies* and is an Honorary University Fellow at the Exeter Centre for Ethno-Political Studies at the University of Exeter, UK.

**Dr. Tony King** originally trained as an historian of colonial and post-colonial societies, and his DPhil (Oxon.) was on political discourse in colonial Zimbabwe. Before returning to the UK with UWE he worked for the academic and policy-advocacy NGO sector in South Africa. He has subsequently developed expertise on heritage in post-apartheid South Africa, contested history, democratisation, and transition societies, and undertook research on the development of Constitution Hill, Johannesburg. He has authored and co-authored a number of academic articles, book chapters, reviews and reports.

**Prof. (Emeritus) Derek Braddon** has expertise in defence, industrial and international economics and also undertakes research and consultancy about: stakeholding and corporate governance; the transitional economies of Eastern Europe; new industrial economics, regional economics and the aerospace industry. He has been: Director of the Defence Economics Research Group at UWE; Fellow of the UK's Royal Society for the encouragement of Arts, Manufactures and Commerce; and Visiting Professor at the European Centre for Peace and Development, United Nations University, Belgrade, Serbia. His latest publication is the co-authored and -edited volume, D. Braddon and K. Hartley, eds., *The Handbook on the Economics of Conflict* (Edward Elgar 2011).

**Christian Dadomo** is a Senior Lecturer in European Law. Prior to this, he was lecturing at the Institut d'Etudes Politiques and the Institut des Hautes Etudes Européennes in Strasbourg (France). He has also been a visiting lecturer at Deakin University (Melbourne, Australia) and Münster University (Germany). His particular expertise is in European Union constitutional law, the European internal market, and environmental and competition law. He has been involved in a number of programmes on EU-related issues in Cyprus before and after Accession, and in EU-funded programmes within a number of EU and non-EU countries. Among a variety of journal articles and conference papers on EU and French law, his main publications include two textbooks on the French legal system and French substantive law. He is currently writing a book on the French legal system and law, and co-writing a textbook on EU law.

