

NATURAL GAS - A GAME CHANGER IN THE CYPRUS CONFLICT?

by

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## ABSTRACT

### NATURAL GAS - A GAME CHANGER IN THE CYPRUS CONFLICT?

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Keywords: Cyprus conflict, conflict mapping, natural gas in Eastern Mediterranean, energy geopolitics, Turkey, Cyprus

The identity-based antagonism between the Republic of Cyprus (Southern Greek) and the Turkish Republic of Northern Cyprus (that is, the Cyprus conflict) has undergone a paradigm shift after a potential game changer entered the scene: the natural gas discovery offshore Cyprus. Concurrently, the nature of the Cyprus conflict appeared to shift from an inter-ethnic strife to a resource-based dispute while the deeply-seated ethnic dimension of the conflict remained beneath the surface. The resource-based framing of the Cyprus conflict within the current geopolitical dynamics, as well as the interdependence of the island's economic resources, has placed 'pipeline politics' in the center of the conflict.

Negotiations over the energy supply not only serve as a source of conflict, but they may also constitute a tool for such a conflict's resolution. Noting that energy supplies could be a medium of political negotiation, the aim of this thesis is to assess whether current natural gas discoveries in the Eastern Mediterranean can contribute to the resolution of the Cyprus conflict. In doing so, this study focuses on (i) historical analysis of the Cyprus conflict, (ii) the mapping of the Cyprus conflict, (iii) the current market development in the region in terms of natural gas, and, in relation, asks (iv) whether the newly discovered reserves may contribute to enhanced the dialogue between Turks and Greeks in Cyprus or among other parties, including Turkey and Greece.

The results of the exploratory research reveal that the amount of natural gas reserves found so far in the Aphrodite field cannot be a game changer due to two main reasons. Firstly, as argued in the thesis, the overall quantity of the natural gas in Aphrodite field is too low to be able to meet any demand in the larger EU market or even in the regional market. Secondly, the estimated monetary value of the reserves is inadequate to counter the intractability, protractedness, and the deep-rootedness of the Cyprus conflict.

## ÖZET

### DOĞAL GAZ - KIBRIS MESELESİNDE BİR OYUN DEĞİŞTİRİCİ?

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Anahtar Kelimeler: Kıbrıs meselesi, çatışma haritalama, Doğu Akdeniz’de doğal gaz, enerji jeopolitiği, Türkiye, Kıbrıs

Kıbrıs’taki Güney Rum kesimi ve Kuzey Türk kesimi arasındaki kimlik tabanlı husumet (Kıbrıs sorunu) bir potansiyel oyun değiştirici - Kıbrıs kıyısındaki doğalgaz keşifleri - sonrasında bir paradigma değişimi ile karşı karşıya kalmıştır. Kıbrıs sorununun niteliği Türk ve Yunan adalılarının arasındaki etnik çatışmadan kaynak tabanlı bir anlaşmazlığa kaymıştır. Kıbrıs sorununu geçerli jeopolitik dinamikler içinde kaynak tabanlı çerçevelenmenin yanı sıra adanın ekonomik kaynaklarının yarattığı bağımlılık 'boru hattı siyaseti'ni çatışmanın merkezine yerleştirmiştir.

Enerji arzı üzerinde müzakereler sadece çatışma kaynağı olarak değil, aynı zamanda çatışmaların çözümü için bir araç teşkil edebilir. Bu araştırmanın amacı, enerji kaynaklarının bir siyasi müzakere aracı olduğunu belirtip bunun Doğu Akdeniz'deki güncel doğalgaz bulgularının Kıbrıs sorununun çözümüne katkısı olup olmayacağını değerlendirmektir. Bunu yaparken, bu çalışmada, (i) Kıbrıs sorununun tarihsel analizi, (ii) Kıbrıs sorununun haritalama, (iii) bölgedeki piyasayı mevcut doğalgaz açısından değerlendirme üzerinde duruluyor ve (iv) yeni keşfedilen rezervlerin Kıbrıs'taki Türkler ve Rumlar arasındaki veya Türkiye ve Yunanistan da dahil olmak üzere diğer partiler arasındaki diyalogun geliştirilmesine katkısı olup olmayacağı soruluyor.

Bu keşif araştırması Afrodit alanında bugüne kadar bulunan doğal gaz rezervlerinin miktarının bir oyun değiştirici olmayacağını iki ana nedenini ortaya koymaktadır. Tezde belirtildiği gibi, öncelikle, Afrodit alanındaki doğal gaz miktarı, geniş AB pazarında hatta bölgesel pazarda herhangi bir talebi karşılamak için çok düşüktür. İkincisi, rezervlerin tahmini parasal değeri Kıbrıs sorununun derin, köklü sorunlarının aşılabilmesi için yetersizdir.

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## LIST OF ABBREVIATIONS

ECHR- The European Court of Human Rights

EIA- The U.S. Energy Information Administration

EOKA- National Organization of Cypriot Fighters

EU- The European Union

JDP- Justice and Development Party

NATO- The North Atlantic Treaty Organization

PRIO- Peace Research Institute Oslo

RoC- The Republic of Cyprus

SEDS- EIA's State Energy Data System

TANAP- The Trans-Anatolian Natural Gas Pipeline

TRNC- Turkish Republic of Northern Cyprus

UK- The United Kingdom

UN- The United Nations

US- The United States

## INTRODUCTION

The Cyprus conflict between Greek-Cypriot and Turkish-Cypriot communities has been one of the longest lasting conflicts of modern times, one that started in the mid-20<sup>th</sup> century and has carried over into the new millennium. In the beginning, the Cyprus conflict was identified as a conflict between the people of Cyprus and the British Crown regarding self-determination. The nature of the conflict then shifted from a colonial conflict to an inter-ethnic strife between the Turkish and the Greek islanders (Eden 1960). The international dimensions of the conflict extend far beyond the boundaries of the island itself and extend to the guarantor powers such as Turkey, Greece, and the United Kingdom, along with the United States, the United Nations, and the European Union.

Cyprus, an island in the Eastern Mediterranean with a landmass of 9,250 square kilometers, has had a geopolitical significance far beyond its size. From an energy point of view, what makes this island so important is its centrality in the Middle East oil transport routes. In addition, Cyprus has control over the axes extending from the Middle East to Africa, it has a central position in the Suez Canal line - one of the checkpoints of the sea stretches from the Suez Canal to the Indian and Pacific Oceans - and it has a repository position in a possible oil-based war in the Middle East (Khashman 1999). Yet the island's strategic importance has so far failed to lead to a resolution. Being a deep-rooted conflict involving actors with varying interests, it does not appear likely that the Cyprus conflict will be easily resolved.

The strategic importance of the island from an international perspective, which has hitherto been rather an impediment towards finding a solution, may now actually carry the potential to push the parties towards a peaceful resolution of the deep-rooted Cyprus

conflict<sup>1</sup>. The island's strategic location at the heart of the Eastern Mediterranean Sea not only serves to raise security concerns, but it may also constitute a means for maintaining stability. The island had been a strategically-located colony for Great Britain in the 19<sup>th</sup> century and then became a key location for NATO, as well as for the Eastern Mediterranean, after the 1950s (post-World War II era). Nations such as Turkey, Greece and Israel have been struggling to control Cyprus in order to utilize the energy resources of Central Asia and expand trade routes to the Eastern Mediterranean via Turkey. These countries have been striving to build a lasting peace in the Middle East so that they can establish economic and commercial cooperation in the region and build a free trade zone between the European Union and countries in the region (Kramer 2002).

The critical location of the Eastern Mediterranean for trade has allowed it to maintain its geopolitical significance; and its scenarios for conflict have intensified other regional power struggles (Ediger, Devlen and Bingöl McDonald 2012). Regional power politics are played out by many different actors with dissimilar interests. In addition to the Turks and Greeks living in the island, Greece, Turkey, UK, the United States, and certain EU countries are stakeholders in this conflict. For example, Cyprus is a base for the UK to control the Suez Canal and constitutes an important anchor for projecting military power in the Middle East. Cyprus, like Crete, is also an important base for NATO. Recently, countries in the south of the Mediterranean Sea, such as Israel, have been involved with issues such as the continental shelf, the exclusive economic zone, and oil and gas exploration activities. Therefore, Cyprus has become a locus of contention between these several actors with their varying interests.

The strategic importance of the island, on the other hand, has not been utilized for peaceful purposes until recently. The recent shift in geopolitical dynamics - specifically, the natural gas discovery offshore Cyprus - has provided a new framework for the Cyprus conflict and transformed it into a resource-based dispute. With this new factor presenting itself as a possible game changer, the Cyprus conflict has faced a significant paradigm shift. The nature of the conflict appeared to have shifted from inter-ethnic strife to a resource-based dispute between the Turkish and the Greek islanders. Many observers (see

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<sup>1</sup> The peaceful resolution of the deep-rooted Cyprus conflict denotes the achievement of grand consensus among parties to the conflict.

Bryza 2013; Grigoriadis 2014; Gürel and Mullen 2014; Khadduri 2012; Wilson 2014; International Crisis Group 2013) have projected that this glimmer of hope might lead to an immediate resolution. Therefore, one of the main goals of this thesis is to assess whether a new situation where several actors pursue new opportunities related to energy would substantially contribute to the resolution of the deep-rooted Cyprus conflict.

On November 15, 2011, Noble Energy<sup>2</sup> announced that "Cyprus's Block 12 has an estimated gross mean resource range of 3 to 9 trillion cubic feet of natural gas and a 60 percent probability of geological success" (Leventis 2012, 8). Many have since argued that such a finding has altered the calculations of the major parties to the Cyprus conflict. Moreover, the discovery of these gas fields have made some of the third-party players that had not been significant players before, such as Israel, more important actors that could influence the main dynamics of the conflict. While the potential role of Cypriot gas in the international markets has been examined in depth (see Shaffer 2014; Giamouridis 2013; Henderson 2013), the potential effects of such reserves on the Cyprus conflict has not been sufficiently addressed by scholars in the field of conflict resolution.

Negotiations over the available energy supply not only serve as a source of conflict, but they may also constitute a tool for resolving such conflicts. Taking into account energy supplies as a medium of political negotiation, my research question asks whether current natural gas findings in the Eastern Mediterranean may contribute to the resolution of the Cyprus conflict. In doing so, I will specifically focus on (i) the historical analysis of the Cyprus conflict, (ii) the mapping of the Cyprus conflict, (iii) the current market development in the region in terms of natural gas, and, in relation, (iv) whether gas reserves can contribute to enhanced the dialogue between Turkey and Cyprus as well as between the North and the South of the island.

To address the research question raised above, the thesis will conduct exploratory research on the multidisciplinary literature from conflict analysis and energy security, including policy briefs on the natural gas debate, market reports, press releases and empirical data from reports by PRIO (Peace Research Institute Oslo). Firstly, in the theoretical framework section of this thesis I will elaborate on the theories pertaining to the intractability, protractedness, and deep-rootedness of the Cyprus conflict. Secondly, I

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<sup>2</sup> A US-based oil and natural gas exploration and production company

will elaborate on the history of the Cyprus conflict. Thirdly, I will analyze the Cyprus conflict by utilizing the Conflict Mapping Guide of Wehr (1979). In his book titled *Conflict Regulation*, Wehr provides this mapping guide to enhance the understanding of conflicts by analyzing their context, parties, issues, dynamics and possible resolutions (Wehr 1979). Fourthly, I will examine current natural gas market developments in the region in order to assess whether resources in Cyprus could make a significant contribution to the resolution of the Cyprus conflict. In doing so, I will explore how the changes in the regional gas market would affect the conflict resolution dynamics in the region. I will then investigate how Cypriots can exploit those reserves and try to understand whether these reserves may contribute to enhancing the dialogue between Turkey and Republic of Cyprus. Finally, the conclusion will provide an assessment of the island's newly found energy resources and interpret their possible contributions to the efforts to find a peaceful solution to the conflict that keeps the island divided.

## **1.1. Theoretical Framework**

This section provides the theoretical framework to underline the intractability, protractedness, and deep-rootedness of the Cyprus conflict. The repercussions of the different theoretical approaches to the conflict will be discussed following a brief introduction to theories.

Recently, conflict scholars have taken a keen interest in the intractability in ethno-nationalist conflicts (Azar 1985; Anastasiou 2002; Bar-Tal 2000; Coleman 2003; Kriesberg 2003; Hadjipavlou 2007). In his book *Protracted Social Conflict: Ten Propositions*, Azar (1985) maintains that intractability reflects the complexity of the conflicts with many actors involved as well as the tenacity, existential fears, outside interferences, ethnic victimization, unaddressed historical grievances and traumas, economic asymmetries, unequal distribution of resources, a culture of separation and miscommunication, the frustration of communal basic human needs, and structural inequalities. The current situation in Cyprus reflects all these characteristics (Hadjipavlou 2003).

External forces such as post-colonial and colonial politics, external interventions, and provincial policies also play an important role in intractable conflicts. Ideological rivalry and ethnocentrism come before the psychological, social, and economic factors in power politics. In understanding conflicts, the realist approach to international relations takes the nation state, as well as its foundations, as the main element of analysis and does not attribute significance to citizens and NGOs (non-governmental organizations). The field of conflict resolution<sup>3</sup>, on the other hand, deals with groups and citizens as well as NGOs— because "some things only governments can do... but some things citizens outside government can do better" (Saunders 1990, 41).

Intractable conflicts tend to entail numerous issues involving basic human needs, power, values, and resources. As Coleman (2000) claims, "Intractable conflicts have an extensive past, a turbulent present and a murky future" (431). Long-lasting differences and inequalities resulting from human rights violations, and ethnocentrism, as well as colonialism lie behind intractable conflicts. These situations later give way to structural victimization, which refers to the victimization of subordinate groups within the society (Azar 1990). Such features may also apply to the Cyprus case.

The Cyprus conflict is an intractable conflict that started in the mid-20<sup>th</sup> century and has carried over into the new millennium. Until now, many efforts towards reconciliation have failed. Indeed, the conflict has been called the graveyard for mediation attempts (Varnava and Faustmann 2009). Different analyses of the Cyprus conflict have pointed to a number of reasons for this failure, such as identity (Volkan 1978; Fisher 2001), history (Hadjipavlou 2007), ethnicity (Horowitz 1985), and nationalism (Anastasiou 2002). The international conjecture, both in terms of Greco-Turkish relations (Khashman 1999) and from a larger perspective (see Bartman 1999 on the Cold War and the Cyprus conflict, as well as Cyprus's international role in the post-Cold War era), has also been an important factor in shaping the evolution of the Cyprus conflict.

Similar to other ethno-nationalist conflicts, the interconnection between internal (minority-majority, institutional roles, issues of rival nationalisms, uneven economic growth) and external dynamics (geopolitics, the role of motherlands, colonialism, manipulation by exterior stakeholders) fed by social-psychological dynamics

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<sup>3</sup> Political and social psychology largely informs the field of conflict analysis.

(stereotypes, traumas, historical grievances, ‘us’ and ‘them’ dichotomy) has been on the agenda throughout the history of the political struggle on the island (Hadjipavlou n.d.). All these factors have been observed in intractable conflicts, ethno-political conflicts (Gurr 1993), identity-based conflicts (Rothman 1997), protracted conflicts (Azar 1990; 1985), and deep-rooted conflicts (Burton 1990; Mitchell 1981). In periods of conflict, exterior threats against basic human necessities such as recognition, justice, participation, security, and identity are mobilized by political elites with regard to these internal and external dynamics. One of the communities generally draws a stereotypical image for the other community by basically attributing the latter homogeneous traits and intentions, among others, to make their own side seem reconciliatory (Hadjipavlou n.d.).

In deeply divided societies facing protracted conflicts, the environment of alienation with a lack of communication leads to stereotyping<sup>4</sup> and misperception. A culture of hatred, fear and mistrust create enemy images of *the other*. For those situations, the Enemy System Theory (Volkan 1978; Mack 1990; Montville 1990) has been developed to clarify the intricacy of inter-group relations, particularly antagonistic relations. This theory hypothesizes that human beings have deep-rooted, unconscious, and emotional needs to dichotomize and create friends as well as enemies. This phenomenon of antagonism leads to historical animosity. The antagonism may extend far beyond the individual level with unconscious and primitive impulses and reach the group level as well; the latter results in deaths and injuries simply because one belongs to a different national or ethnic group (Hadjipavlou 2007).

National historiographies often constitute exaggerated examples of the Enemy System Theory. Bar-Tal (1998) points out the efforts of Palestinians and Israeli Jews to delegitimize each other with the help of societal channels. He explains how one side portrays the other in a negative way by emphasizing some examples such as speeches of political leaders. The attitude and presentation of the other has largely been the same in the Cyprus case (Hadjipavlou 2004). The clearly delineated negative image of the other has no doubt had an impact on the process of identity building. The Cypriot identity was shaped along the axes of chosen traumas and chosen glories where one side’s hero is the

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<sup>4</sup> The negative mirror-image of oneself

other side's villain (Volkan 1978). Chosen traumas<sup>5</sup> in Cyprus have caused historical animosity, which has negatively affected the relationship between Turkish and Greek Cypriots. One can trace this animosity back to the 1950s when two antagonistic nationalisms emerged. Some may go as far back as the resentment of the 'Turkish yoke' under the Ottoman occupation of Greece. Others, on the other hand, still trace this antagonism to 15<sup>th</sup> century to the fall of Constantinople (Hadjipavlou 2007).

The prevailing inheritance of Cyprus' history has put Cypriot patriotism within the context of two forms of antagonistic nationalism, each with different stances on nationalist discourse. The traditional nationalist frameworks, which have laid behind cultural and political inter-group communication since the colonial period, dichotomize the non-nationalists and nationalists. According to Anastasiou (2002), this inter-group communication process in the Cyprus case faced two main obstacles. Firstly, the cumulative pain resulting from the protracted conflict has given shape to historical memory emphasizing the collective remembrance of one's own suffering. Secondly, as Kızılyürek (1993) posits, nationalism turns the pain of each group into communal psychological and cultural frameworks that activate a priori through divided stereotypes of 'us' and 'them' (cited in Anastasiou 2002). Therefore, the inevitable linkage between nationalism and the suffering of one's own group in ethno-national conflicts causes miscommunication between the groups that prevents the possibility of comprehension of the other side's grievances and pain. Therefore, nationalist frameworks struggle to naturally develop communication by which interactive groups can establish a shared sphere of meaning on an intergroup level (Anastasiou 2002).

Alter (1994, 5) and Gellner (1994, 65) maintain that nationalism puts emphasis on the nation, which is "absolute and sacred in value, mono-ethnic in nature, collectivist and narcissistic in mentality, conflictual in predisposition, and militant in its concept of defense and its means of freedom" (quoted in *ibid.*). Ignatieff (1995) and Kedourie (1994, 50) argue that conflictual juxtaposition of an enemy defines history, values, and the national identity (cited in *ibid.*). Hence, Anastasiou (2002) asserts that:

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<sup>5</sup> The term chosen trauma means the "shared mental representation of a massive trauma that the group's ancestors suffered at the hand of an enemy" (Volkan 2001, 79).



... to the degree that two or more ethnic groups, in any mixed society, espouse nationalism as a world- and life-view, the prospect of coexistence becomes grim, as communication across ethnic lines is ruled out *a priori* (582).

Historically, these structures of nationalism have marked the destinies of both groups of Cypriots. While nationalist Greek Cypriots, who claim the island is a purely Hellenic island, have tried to unite Cyprus with Greece under the mantra of *enosis*, the nationalist Turkish Cypriots have attempted to realize the ethnic division of the island called *taksim*. For the Turkish Cypriots, painful memories date back to the period 1963-1974 when they experienced economic and political disparities, whereas the collective memory of Greek Cypriots mainly concentrates on the events of 1974 with the Greek coup d'état and the subsequent Turkish military intervention. The historical passion of both communities in realizing its mono-ethnic state caused violence and the actual division of the island in 1974. Studies on the Cyprus conflict have shown that the separation of communities actually occurs not as a result of natural barriers, but rather along artificial lines of animosity (Anastasiou 2002). This is why Gumpert and Drucker (1998, 237) state, "Borders are not just geographic barriers, but that they are the enemy of talk, of interaction, of the flow of ideas, in short, they are the opponents of communication" (quoted in *ibid.*).

Since the end of the Cold War, researchers have tried to analyze the reasons why there is still much violence in the world. The new world order was not as peaceful as it was expected to be. In response, conflict scholars have started to study and decipher a novel category of conflicts: ethnic conflicts (Horowitz 1985; see also Esman 1994; Rothchild 1981; Fisher 1990). Horowitz (1985) claims, "In intellectual terms, ethnic relations has been a field rife with dogma and lacking in agreement on first principles" (14). He argues that the study of ethnicity lacks an organizational structure essential for comparative analysis. He maintains that the dimensions of the severity of division, the hierarchical nature of the groups, the centralization of groups, and ascriptive differences of the groups are important for the study of ethnicity.

Firstly, Horowitz (1985) argues that the most severe divisions exist in Asia, Africa, and the Caribbean where the intensity of ethnic conflict is higher. All three regions have faced colonialism and ethnic cleavages without any supra-ethnic identity or any other conflicting group. The hierarchical nature of the groups occurs whenever social class ties

encounter ethnicity. Whereas ranked groups<sup>6</sup> are hierarchical and the mobility between the superordinate and subordinate groups is restricted, the unranked groups cross classes and mobility is possible. By the 'centralization' of groups, Horowitz (1985) means the focus of competition by center. The magnitude of cleavages is greater in centrally-focused systems. Ascriptive differences that determine ethnicity comprise color, language, grammar, religion or attire.

In Horowitz's terms, ethnicity is familistic in the sense that ethnic groups identify themselves as kin in many ways. This kinship identification allows its members to establish ethno-political organizations. Ethnic identification also creates transactional networks related with the state. In both colonial and post-colonial states ethnic ties between the citizens and bureaucrats ensured reciprocity, sense of justice and trust. Horowitz also argues that the concept of ethnicity is a much more assertive diversification when compared to class. He maintains that people do not totally inherit class identity; rather they inherit ethnic identity with its kinship ties given by birth, and preserves an assured position in the social order (Horowitz 1985).

Similar to other ethno-nationalistic conflicts, in which ethnic associations are widespread and dominant, the Cyprus case reflects some of the problems of inter-group relations (Horowitz 1985). In Cyprus, the Greek Cypriots constitute the majority and the Turkish Cypriots, the minority. Particularly after 1963, the perception of Turkish Cypriot identity was portrayed as being inferior to the Greek identity by the majority and the media. The post-1974 period brought along a different other in the context of new tension between Turks and the Turkish Cypriots. Prior to the London-Zurich Agreements and during the inter-group conflict when Turkish Cypriots were faced with political and economic disparities, the intricacy of the conflict deepened. The perception of an illegitimate state and the petition for an autonomous self-government by the minority group, which was a unilateral attempt in Northern Cyprus in 1983, is an illustration of historical grievances (Hadjipavlou n.d.).

Ethnicity, on the other hand, is a comprehensive concept that has a wide-range of features, including culture, race, history, religion. However, these all center on identity matters. Other classifications then emerged to denote the categories of conflicts, such as

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<sup>6</sup> For example, Rwanda where Hutu and Tutsi ethnic identities exist hierarchically.

identity-based conflict (Rothman 1997); deep-rooted conflict (Burton 1990); protracted social conflict (Azar 1990); and ethno-political conflict (Gurr 1993).

Rothman (1997) coined the term *identity based conflict* to denote long-lasting struggles between communities that are unwilling to compromise, because they are "deeply rooted in the underlying human needs and values that together constitute people's social identities" (6). According to Rothman (1997), these conflicts may be linked to "the more abstract and interpretive dynamics of history, psychology, culture, values, and beliefs of identity groups" (11).

According to the Human Needs Theory (Burton 1990), physical, psychological and sociological needs constitute the basic needs of human beings. When these needs such as recognition, justice, participation, security and identity are unmet, deep-rooted conflicts may occur. Burton (1990) used the term *deep-rooted conflict* to combine compelling identity-based elements with broader economic and social inequality like conflicts over distribution of resources. In the case of Cyprus, one may observe what Burton calls the basic needs of human beings such as security, identity, justice and participation.

Another scholar, Azar (1990), has recently elaborated on the concept of *protracted social conflict* to denote long-lasting virulent relationships that consist of deep-rooted ethnic, racial, cultural and religious hatreds. According to him, the roots of these forms of hatred trace back to historical elements in diversified societies, which result in structural disparities such as victimization, discrimination (in the socialization of communal hatreds), and domination of one group over another.

In his book entitled *Minorities at Risk: A Global View of Ethno political Conflicts*, Gurr (1993) mainly discusses the reason why an underprivileged group mobilizes in light of concepts such as autonomy, pluralism and power sharing. He defines ethno-political conflicts as ethnically defined groups that move together for their collective interests against the government, or any other party-political actor.

Different from these categories, Fisher and Ury (1991) apply an approach which assumes that parties with incompatible positions and interests may stand in conflict in times of deadlock when they both blame the other side. This in turn strengthens the

tendency of demonization and a *zero-sum*<sup>7</sup> dynamic. The Principled Negotiation Theory (Fisher and Ury 1991), posits that the approach to negotiations should be to solve problems in a win-win manner. The authors argue that this theory extends far beyond limited tactical selections of distributive bargaining. According to them, the negotiators affect the efficiency of the negotiations by dealing with four important components; namely, people, interests, criteria and options. In the end, the settlement would only be possible in a win-win paradigm (Alfredson and Cungu 2008).

These approaches are all relevant to the Cyprus conflict in different ways. The categories of identity-based conflict (Rothman 1997); deep-rooted conflict (Burton 1990); protracted social conflict (Azar 1990) and ethno-political conflict (Gurr 1993) reflect the situation in Cyprus, as we shall see in detail in the next chapter. The factors that make the Cyprus conflict a deep-rooted one also lies behind the current situation in the island. The environment of alienation, coupled with a lack of communication, leads to stereotyping and misperception. A culture of hatred, fear and mistrust creates enemy images of the other. Therefore, in such situations, the conflict may escalate, and be prolonged rather than resolved. In addition, The Principled Negotiation Theory (Fisher and Ury 1991) provides a different approach for the resolution of the conflicts; if it is applied to the Cyprus case, the resolution of the conflict would only be possible within a win-win paradigm.

In the Cyprus conflict, ethno-nationalist rhetoric may seem to be the safest way in terms of security; however, it ironically results in a boost in insecurity. Even though the frameworks used by both sides are based on international norms - thus legitimate and also rational - they might create self-fulfilling prophecies<sup>8</sup>. Thus, these apparently rational choices might result in a lose-lose situation in any case (Richmond 2006). In this sense, the Cyprus case fits the framework that Richmond has offered.

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<sup>7</sup> The game theory is "the study of mathematical models of conflict and cooperation between intelligent rational decision-makers" (Myerson 1991, 1). 'Zero-sum' is one of these game types in which the overall advantage of the all players in the game constantly add to zero in any combination of strategies (Guillermo 1995); in other words one player's lost is the other player's gain.

<sup>8</sup> "The self-fulfilling prophecy is, in the beginning, a false definition of the situation evoking a new behavior which makes the original false conception come true. This specious validity of the self-fulfilling prophecy perpetuates a reign of error. For the prophet will cite the actual course of events as proof that he was right from the very beginning" (Merton 1948, 195).

Besides Richmond's analysis of ethno-nationalistic rhetoric, the conflict could be analyzed on different levels. Rothman (2014) uses the iceberg metaphor to conceptualize the different layers of the conflicts. His metaphor hypothesizes identity-based conflicts as "residing at the un-seeable, murky bottom"; objective problems as "visible, but opaque, just beneath the water's surface"; and resource-based disputes<sup>9</sup> as "above the water and are in plain sight - empirical and tangible"; representing "why", "what for" and "what" questions respectively (110).

In this conflict typology, identity-conflict also comprises the other two layers of conflict. Objective problems are especially those concerning goals and resources such as forming a state to gain control over financial and military resources. Since resource disputes contain some issues from identity-based and objective problems, they are essentially about the when, how, and who control the tangible resources (Rothman 2014).

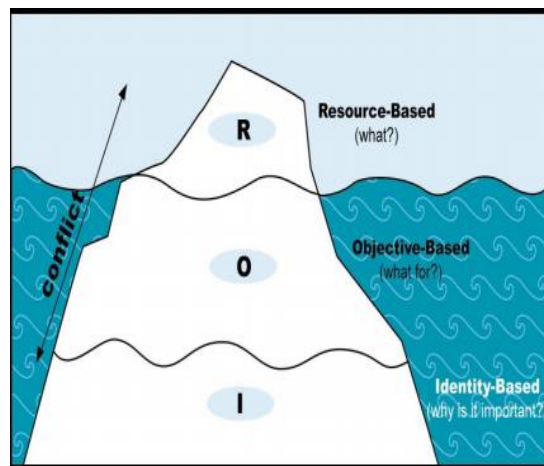


Figure 1: Conflict Typology by Rothman (2014)

Source: <http://nsuworks.nova.edu/cgi/viewcontent.cgi?article=1264&context=pcs>

Even if a power-politics paradigm such as an ethno-political conflict still exist, the likelihood of compromise or of reaching a bottom line is much higher in the resource-based disputes. In other words, compromising would not be so difficult once the conflicting parties fix interdependent and concrete goals (Rothman and Olson 2001). Hence, one may say that framing the conflict as a resource-based dispute would make the

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<sup>9</sup> A 'dispute' is a short-term disagreement that can be resolved whereas a 'conflict' is a long-term disagreement among people with incompatible goals (Burton 1990). In other words, dispute is less intense than conflict.

dynamics more concrete and reaching a common ground, where both parties' interests can be satisfied, would be more likely.

The abstract identity-based antagonism between the conflicting parties in the case of Cyprus has taken a new shape with a concrete paradigm: the natural gas discovery offshore Cyprus. If we adapt the iceberg metaphor to the Cyprus conflict, one may infer that the hydrocarbon controversy appears to be a resource-based dispute. Yet, the conflict over resources can be seen as a manifestation on the surface of a deeper conflict, that of identity-based Cyprus conflict which embodies psycho-cultural concerns. The resource-based framing of the Cyprus conflict, with the discovery of natural gas, has turned the issue into 'pipeline politics' through the interdependence of island's economic resources.

On the other hand, it is usually not easy for conflicting parties to transform the nature of the conflict and take the proper resolution into consideration. Where protracted conflicts are concerned, people's identities have been shaped around the polarization of the self and the others. As a result of fear and mistrust, individuals have a tendency not to reconcile with the others. Furthermore, conflicting parties figure out a vested interest in the perpetuation of the clash. In case of monetary chances or political supremacy, they may prefer perpetuation of the conflict instead of de-escalation or resolution. As soon as conflicts intensify, parties generally reach a stalemate; a condition wherein none of the parties win, however none of them wishes to withdraw or admit loss either. Stalemates arise for several reasons: unsuccessful maneuvers, depletion of existing resources to fuel the conflict, the lack of support by group fellows or associates, or higher costs to perpetuate. Sooner or later, the conflict reaches a sort of equilibrium, wherein none of the parties achieve their goals and none of them is satisfied with the status quo. Parties start to recognize that the costs of perpetuation of the conflict go beyond the benefits to be attained in case of settlement. This is called *mutually hurting stalemate* which is a ready state for the outline of proposals for resolution (Berman and Zartman 1982; Zartman 1983; Touval and Zartman 1985; Zartman 1989).

The Cyprus conflict has reached a *stalemate* with all the aforementioned factors. Up until now, political elites have had a vested economic and political interest in the perpetuation of the conflict. Conflicting parties, however, started to become dissatisfied with the status quo as perpetuation of the conflict has started to become unprofitable. The recent dynamic –the natural gas discovery offshore Cyprus- has appeared to be a glimmer

of hope for altering the status quo. Both parties to the conflict have started to dispute numerous issues relating to the natural gas, which will be discussed in the third chapter. Expectations concerning the amount of gas present and the possible monetary value of the natural gas reserves have the potential to overcome the stalemate. If these expectations bring parties together with the purpose of negotiating the monetization of the gas, the Cyprus conflict may reach the dispute-settlement stage.

To put the Cyprus conflict into a broader and, arguably more abstract perspective, I will also look into the Idealist and Realist positions in the contemporary International Relations Theory which take into consideration ethnic conflicts and their resolution from differing perspectives. These two schools of analysis diverge from each other in some analytical dimensions, whereby there is also some degree of overlapping. Stressing economic and basic human needs with worldwide values, as well as collective security, liberal institutionalism and critical theory are the basic characteristics of the Idealist school of thought. The Classical Realist School, with its revisionist – Structural Realist and Neorealist – strands, on the other hand, takes either the state or the conflicting parties as the units of analysis and bases its perspective systematically on the logic of balance and adverse dynamics. These two schools agree on the need to enable and sustain stability on a systematic level. Thus, the resolution of the ethnic conflict is possible in the context of protecting and encouraging regional stability. For both schools stability refers to the sustainability of a basic systematic structure over time, with the allowance of gradual change to a certain extent (Pelaghias 1997).

The Idealist and Realist school differ significantly, however, concerning the process through which stability can be maintained. Idealism posits that stability can be achieved in the context of natural<sup>10</sup> justice, whereas Realism posits that stability can be provided in the context of natural balance. Idealism claims that the realization of basic human needs and universal values, which are controlled by instinctive moral sense, will create a kind of social equilibrium, which will then result in political stability. The opposing Realist idea is that the natural balances of power and interest, which are especially embedded in

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<sup>10</sup> The term 'natural' denotes to "the idea of a self-replicating stable equilibrium which requires minimal external intervention to be maintained. It refers, in other words, to a homeostatic balance that is both self-promulgating and self-perpetuating in that it contains an internal dynamic which accommodates gradual and natural change" (Pelaghias 1997, 86).

international and regional geopolitical and geostrategic structures, would bring stability (Pelaghias 1997).

In the context of ethnicity theory, the Idealist and Realist theoretical dichotomy addresses the factors through which ethnic polarization turns into ethnic conflict. Many scholars in this field agree that the roots of ethnic polarization range from "psychological to cultural, ascriptive, definitional, socio-economic and political" (Pelaghias 1997, 87). The theoretical basis of Structural Realism, on the other hand, is the most persuasive explanation for the transitional process from ethnic polarization to ethnic conflict. Noting that ethnic cleavages are not so much a part of, but rather exist to some extent in the political and societal framework, one may ask when and why such cleavages become fuel for the conflict. A Structural Realist answers this question in the context of balance of power. According to the Structural Realist Theory, ethnic cleavages turn into ethnic conflict when "balances both within the state as well as in the environment wherein the state functions are destroyed" (Pelaghias 1997, 87). This means the collapse of stability, which converts ethnic mobilization into ethnic conflict. From this perspective, then, a deeper geopolitical and geostrategic structure predetermines the ethnic conflict in Cyprus at a more fundamental level.

At this point, another realist notion, that of *deep structure* is also relevant. The concept of deep structure runs through many theories dealing with the reasons for, as well as the resolution of the ethnic conflict (Pelaghias 1997). Huntington (1993) maintains that the form, the intensity and the result of ethnic conflicts are essentially determined by the influence of profound civilizational structures transformed into geostrategic and geopolitical structures. The notion of deep structure can be applied to the Cyprus case. Growing regional instability was the underlying factor beneath the competition between US and Soviet powers, as well as the historical animosity between Turkey and Greece. The 1960 Constitution of Cyprus contained some frictional elements regarding sovereignty and economic issues. Such elements exacerbated regional instability; and the intense ethnic conflict in 1963 changed the dynamics in the region. The new regional conflicts were no longer between the competing superpowers, rather, between the regional powers which still feed the controversy on the island today. The dissolution of the Soviet Union and the end of bipolarity between the Soviet and the US powers intensified regional struggles, which later turned out to be ethnic conflicts. Regional instability in the Eastern Mediterranean also intensified following the end of the Cold



War. Accordingly, given that regional stability is the end result of elements beyond ethnic conflict, it is deceptive to propose that the resolution of the Cyprus conflict will have a critical influence on regional instability. Noting that other factors apart from ethnic conflict affect the regional instability, the independent variable in our equation would be regional stability whereas the dependent variable would be ethnic conflict. The correlation between the two requires that these issues be addressed on both levels simultaneously. However, the problematic situations generally are addressed on the ethnic conflict level because dealing with them on a systematic level is too difficult. This minimalist approach to resolving ethnic conflicts does not provide a long term, permanent solution (Pelaghias 1997).

To sum up, the conflict in Cyprus is a multi-strata conflict, which I have undertaken to examine at several significant levels. I first took up the deep-rootedness of the conflict in order to understand the underlying phenomena behind what we actually see on the surface of the conflict. I also took into consideration the objective basis of the Cyprus conflict in order to understand what the conflicting parties were hoping to achieve. Then, to analyze the paradigm shift in the Cyprus conflict with the discovery of natural gas offshore Cyprus, I have utilized Rothman's conflict typology. The paradigm shift here refers to the fact that the nature of the conflict took on the characteristics of a resource-based dispute which eclipsed its historical development, as noted, as an inter-ethnic strife to a resource-based dispute between the Turkish and the Greek islanders. The new geopolitical dynamic is directly related to the regional stability and stability, in turn, is the end result of elements beyond ethnic conflict. From there, one may say that the independent variable in our equation would be regional stability in the Eastern Mediterranean, whereas the dependent variable would be ethnic conflict between the Turkish and the Greek islanders. To understand their correlation, I will examine the geopolitical dynamics in the third chapter in more detail.

The theoretical framework presented above provides a conceptual basis for the analysis of the Cyprus conflict in the following chapters.

## THE CYPRUS CONFLICT

This chapter includes a historical analysis of the Cyprus conflict in order to provide the background necessary for adapting Wehr's framework as mentioned in the section on methodology, which will be undertaken in the next chapter.

### 2.1. The Historical Analysis of the Cyprus Conflict

With a strategic location at the crossroads of Europe, Asia, and Africa, the island of Cyprus has had a long history of turbulence and change. From classical times down to its sovereignty in 1960, the tale of Cyprus was one of domination by exterior powers (Hannay 2005). This history of external domination had a tremendous impact on all Cypriots; it made both sides of the island feel that "Cypriots are not masters of their own destiny, that their fate will inevitably be decided by forces situated outside the island" (Hannay 2005, 1). Noting these miscellaneous governments, which later resulted in the immigration of different ethnic groups, one may infer the reason why such a complicated and complex social structure was formed in Cyprus.

Despite the multiplicity of the island's historical ownership, the nationalist currents and historical developments from mid-19<sup>th</sup> century onwards divided the island in favor of two major groups: a Greek majority (80 percent) and a Turkish minority (18 percent). These two communities were living scattered all over Cyprus and were united geographically without the presence of mono-ethnic communities. However, they were

politically and socially divided and finally they became witnesses to the sequence of conflict events (Hannay 2005).

The Ottoman rule of the island did not lead to a deep rift between its Greek and Turkish inhabitants. The island was conquered by the Ottoman Empire in 1571. During the Ottoman rule, the dominant indigenous Greek Cypriot population was proliferated with approximately twenty per cent Turkish Cypriots (Fisher 2001). The Ottoman government lasted until 1878 without witnessing an overt conflict between the Greek and Turkish Cypriots. Rather the feudal structure and serfdom were abolished by the Ottoman Empire during the following decades. After the recognition of its authority by the Ottomans, the Greek Orthodox Church regulated social, educational and religious affairs of the Greek Cypriots (Yilmaz 2005).

The British rule marked the aftermath of Ottoman rule, and arguably sowed the seeds of the conflict between the two communities on the island. In 1878, the Ottomans transferred rule of the island to the British due to an ostensible Russian threat. The British then unilaterally annexed Cyprus in 1914. The Turkish government accepted British sovereignty over Cyprus with the Treaty of Lausanne in 1923. During the period of British rule, the political environment of the island changed with the emergence of the Greek Cypriot movement for *enosis*<sup>11</sup>. In 1955 the rebellion against the British rule turned into guerrilla warfare when a paramilitary organization called *EOKA*<sup>12</sup> was established. The goal of the Greek Cypriots was to end the British rule over the island and to establish a union with Greece. The Turkish Cypriots, in turn, pursued the *taksim*<sup>13</sup> thesis. They aligned themselves with the British government and established their own organization called *TMT*<sup>14</sup> to fight with the Greek Cypriots. This violent conflict resulted in hundreds of deaths until the rebels agreed to a ceasefire in 1958 (Fisher 2001).

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<sup>11</sup> Union with Greece

<sup>12</sup> National Organization of Cypriot Fighters

<sup>13</sup> Taksim (the Turkish word for division) refers to division of the island between Greeks and Turks.

<sup>14</sup> Turkish Defense Organization

The Turkish Cypriots had lived in fear since 1878, when the Ottomans transferred rule of the island to the British (Kızılyürek 2012) (Kızılyürek, Rauf Denктаş: Fear and Nationalism in the Turkish Cypriot Community 2010). This fear was triggered by a chaotic situation due to the decline of the Ottoman Empire and then the relinquishing of its rights on Cyprus by the Turkish Republic. Although the Turkish Cypriots were inspired by the military triumphs of Mustafa Kemal and the establishment of the Turkish Republic, their unease nevertheless continued as a result of the Lausanne Treaty on the one hand, and the growing Hellenic nationalism targeting to unite Cyprus with Greece (enosis), on the other. The rising struggle of the Greek-Cypriot community aiming to achieve *enosis* further accelerated the orientation toward Turkey (Kızılyürek 2012).

In 1960, Britain eventually relinquished control of the island to the Turkish Cypriots and the Greek Cypriots with *the Treaty of Establishment* while maintaining two military bases: *Akrotiri* and *Dhekelia* (Dodd 1995). Later, lengthy diplomatic negotiations between the secondary actors of the conflict - Britain, Greece, and Turkey - took place in Zurich and London. As a result of this negotiation process, both enosis and taksim were rejected. The negotiators proposed a new formula: creating an independent Cyprus where both parties would share the community offices and would vote for representatives (Richmond 1998). Besides the Treaty of Establishment, the Treaty of Guarantee and the Treaty of Alliance were signed between these three parties. *The Treaty of Guarantee* prohibited the unification of Cyprus with any state; it gave to the guarantor powers - namely Turkey, Greece and the United Kingdom - the obligation to move together in protecting the territory and the legal order of the new state Cyprus, and it gave permission to each of these guarantors to intervene unilaterally to restore the status quo in the event of disagreement on the necessary steps in the consultation process. *The Treaty of Alliance*, under which a specified number of Turkish and Greek troops were to be stationed on the island, was never implemented (Hannay 2005).

Consequently, in 1960, the independent Republic of Cyprus was established. In light of the Lausanne and Zurich Agreements, the constitution of the Republic of Cyprus was created by the decisions of three outside powers – Great Britain, Greece, and Turkey. These three parties decided that the President of the Republic of Cyprus would be a Greek Cypriot and the Vice-President would be a Turkish Cypriot. Archbishop Makarios was elected as the first President of the Republic and Dr. Fazıl Küçük was elected Vice-President. In addition, seven Greek Cypriots and three Turkish Cypriots would constitute

the Council of Ministers. Similarly, seventy percent Greek Cypriots and thirty percent Turkish Cypriots would constitute the House of Representatives. Elections with universal suffrage would be held every five years to elect the members of these organs (Stephen 1997). Fisher (2001) considers the 1960 Constitution as "a complex power-sharing arrangement with both a national legislature and two communal chambers, and a cabinet, public service, police force, and army in which Turkish Cypriots enjoyed representation at a higher level (30 percent to 40 percent) than their proportion in the population (18 percent)" (5).

According to Hannay (2005), one may have difficulty in categorizing the 1960 Constitution of Cyprus in any of the widely accepted definitions; in other words, the Constitution was neither confederal nor federal. It may be closer to a unitary structure; however, a check and balance system between power holders such as the leaders and the other representatives of the two communities, was set forth. The only possibility for smooth working of the constitution lay in a high level of collaboration between the two sides. In the hands of the community leaders, who were unmotivated in any case to make the Constitution work, it eventually caused deadlock and frustration.

The 1960 Constitution did not survive long. Shortly after its implementation, conflicts between two communities arose over its interpretation. The participation of Turkish Cypriots in the institutional structures of the state was removed in 1963 due to a dispute over fiscal matters. One may infer that the disagreements ran deeper than the belief held by Greek Cypriots that Turkish Cypriots' disagreements were part of a systematic campaign to frustrate the proper functioning of state, or the threats by Greek Cypriots of constitutional changes to remove Turkish Cypriots' veto power (Hannay 2005). These constitutional crises later evolved into inter-communal hostility. In 1963, *EOKA* initiated another episode of terror. Their plan was called *Akritas*<sup>15</sup> (Yılmaz 2005).

Eventually, the Republic of Cyprus *de facto* collapsed. The conflicting parties laid down a buffer zone called *the green line*. In 1964, the United Nations Security Council sent UN peacekeeping troops to the island; most of which are still there (Richmond 1998). Although a number of appeals were made to the guarantor powers to intervene, prior to

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<sup>15</sup> An aim to unite with Greece and, if the Turkish community resisted, exterminating the Turkish Cypriots from the island

1974, no such direct intervention was made; Turkey's 1967 intention to intervene was aborted by the United States (Hannay 2005).

The time of grievance from 1964 to 1974 denoted all the players in the Cyprus conflict and deeply affected the mindset of subsequent participants in reaching a settlement. In this period, and also after 1974, the Turkish Cypriots believed that the Greek Cypriots hijacked the constitution in 1963 and that the constitution hence lost its validity. Turkish Cypriots regretted that the United Nations and other international organizations, including the Council of Europe and the European Union, treated the Greek Cypriots as the only administrators of Cyprus. Rauf Denktaş<sup>16</sup> in particular believed that the Cyprus conflict could not be resolved by equal recognition, but rather by separate recognition of Turkish Cypriots or by de-recognition of the Greek Cypriots. Both Turkish Cypriots and Turks believed that the entire international community was biased against them due to the refusal of recognition by the United Nations. Furthermore, the Turkish Cypriots did not trust UN peacekeepers in protecting them against the Greek Cypriots' harassment. Meanwhile, the Greek Cypriots enjoyed their recognition as the only government and took advantage of their favored position in the eyes of the international community to get the better of the Turks and Turkish Cypriots. The Greek Cypriots believed that the Turks had always had a wish to occupy the island due to its strategic importance and that complaints by Turkish Cypriots were geared towards making this policy possible (Hannay 2005).

In 1974 the Greek Cypriot National Guard, aiming to achieve *enosis*, overthrew Makarios. The series of events after the Greek coup d'état deeply changed all the parameters of the Cyprus conflict. In the chaotic environment of the coup, Nicos Sampson – a former EOKA member – proclaimed himself the new President of Cyprus. This political change was threatening for the Turkish Cypriots living on the island. As a guarantor state and claiming to be in conformity with its rights as per the Zurich and London Agreements, Turkey intervened militarily on July 20, 1974. The Turkish army conquered thirty-eight percent of Cyprus' territory, separating the island into a southern Greek and northern Turkish part (Dodd 1995). Following the ceasefire, roughly 65,000 Turkish Cypriots moved to the north, whereas about 120,000 Greek Cypriots who were

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<sup>16</sup> The Vice-President of the Republic of Cyprus elected in 1973

left in the north were forced to move south. Therefore, 1974 was a turning point in building two homogenous ethnic zones in Cyprus (Turkish Ministry of Foreign Affairs 2014). . "In 1975 the geo-political configuration of Cyprus as we now know it came into being, with two virtually mono-ethnic states separated by a buffer zone guarded by UN peacekeeping troops" (Hannay 2005, 6).

These tumultuous events caused a deadlock in the Cyprus conflict once again. Following intervention, negotiations over a new state structure were held between the Turkish and Greek Cypriots. None of them, however, were successful. While the Turkish Cypriots favored bi-regional federation with powerful regional governments, the Greek Cypriots demanded a multi-regional federation with a powerful federal administration. Following negotiations without any resolution, the Turkish Cypriots established the *Turkish Federated State of Cyprus*<sup>17</sup> in northern Cyprus. The Greek Cypriots saw it as a threat to peace and reacted accordingly. In 1983, the Turkish Federated State of Cyprus unilaterally declared its independence as 'The Turkish Republic of Northern Cyprus'. However, only Turkey recognized the *TRNC* (Stephen 1997). This declaration made matters significantly worse. This non-negotiable stance with the entire international community brought a potentially insoluble new element into the picture and in time led not only to the isolation of Turkish Cypriots, but it also widened the prosperity gap between the south and the north (Hannay 2005).

Since 1974, numerous efforts aimed at reconciliation have failed. Rauf Denktash reached a High-Level Agreement with Makarios in 1977 and with Spyros Kyprianou<sup>18</sup> in 1979. Although these agreements were not meaningful steps towards a settlement, they did set up the structure for a bi-zonal<sup>19</sup>, bi-communal<sup>20</sup> federation-based resolution. The Turkish Cypriots demanded a federation and the Greek Cypriots conceded this federation for the recognition of the bi-communal unitary state of 1960. Efforts to go beyond this theoretical breakthrough were methodically frustrated (Varnava and Faustmann 2009).

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<sup>17</sup> TFSC

<sup>18</sup> The second President of the Republic of Cyprus from 1977 to 1988

<sup>19</sup> a federation made up two states

<sup>20</sup> two communities

In March 1984, a *Five Point Proposal* was presented by UN Secretary General Javier Perez de Cuellar to both Cypriot communities. The Five Point Proposal contained confidence building actions, the structure of the federal administration and regional modification. The parties reached a blueprint stating that a bi-communal, bi-zonal and non-aligned federation would be agreed for Cyprus. In January 1985, Denktash and Kyprianou came together for the first time since the 1979 Agreement to talk face-to-face. Kyprianou announced that this meeting was just an opportunity to further negotiations, whereas people generally believed that the meeting was about a final settlement (Michael 2009). Therefore, both Cypriots and the international community criticized Kyprianou, while Denktash won a public relations victory. Furthermore, Denktash proclaimed that further concessions would be unlikely again (Denktash 1988).

In March 1986, Javier Perez de Cuellar offered both communities a *draft Framework Agreement*. The envisaged plan was the same again: the establishment of bi-zonal, bi-communal, non-aligned independent state of Cyprus. It failed, however, to satisfy both Cypriot fractions. The tension between the Greek and Turkish groups was increasing, which in turn reduced the expectations of a peaceful resolution. In early 1988, on the other hand, a thaw in Greek-Turkish relations paved the way for Javier Perez to take an initiative for a new effort. As a result of a series of meetings in Geneva, Denktash and Kyprianou gave up the Draft Framework Agreement and went back to the High Level Agreements of 1977 and 1979 (Richmond 1998).

In 1992, *the Set of Ideas* document drafted by Boutros-Ghali and negotiated by Denktash and George Vassiliou was far beyond the High Level Agreements in 1977 and 1979. However, it was still inadequate for an all-inclusive resolution. The Set of Ideas proposed a bi-communal, bi-zonal federation that would forbid any form of separation or unification with a different state. Indeed, it was never agreed upon. Through 1993 and 1994, the most important efforts by the United Nations in terms of Confidence Building Measures were to give Varosha<sup>21</sup> back to the Greek Cypriots and to enable trade and passenger transportation between the two halves of Cyprus in Nicosia<sup>22</sup> Airport. *The Confidence Building Measures* were a very significant milestone – a new diagnosis of the

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<sup>21</sup> Greek: Βαρύσια; Turkish: Maraş

<sup>22</sup> The capital city of the Republic of Cyprus



Cyprus conflict, yet simultaneously another missed opportunity, especially those measures regarding the opening of the Varosha and Nicosia International Airport. Varosha is critical in the Cyprus conflict. It lies south of the major town of Famagusta, which faced Turkish invasion in 1974, and it has been deserted ever since. None of these resolutions, on the other hand, proved to be end-all solutions to the conflict.

The Greek Cypriots' application for membership in the European Union in 1990, recognized in principle by the European Union in 1995, made steady progress. The European Union accepted the application and set opening talks six months after the Inter-Governmental Conference of the European Union. This new dimension of the Cyprus conflict thus turned out to be more decisive than all that had gone before. It could either precede the all-inclusive resolution or it could result in the clear-cut division of Cyprus (Hannay 2005).

In 1996, the Greek Cypriot side initiated the arming program called the 'Joint Military Doctrine'. Despite the warnings of the international community, and especially Turkey and the United Nations, Greek Cyprus continued to sign agreements with Russia to buy S-300 anti-aircraft missile systems. Indeed, S-300 aircraft had never reached Cyprus. However, with the construction of a military airbase in Paphos and the naval base in Zygi<sup>23</sup>, Greece had changed the military balance between the two sides on the island. This, in turn, has had an impact on the Cyprus issue at large (Stephen 1999).

In 1997, the southern Greek part and the northern Turkish part came together to hold talks in two places, Troutbeck and Glion, respectively. The opposed parties could not compromise again because the Greek Cypriots opposed the sovereignty principle as 'emanating equally from both sides'. The two parties negotiated with regards to freedom of settlement, freedom of movement and the right to own property. However, they could not reach a settlement. In August 1997, the community leaders came together to talk at Glion again. The United Nations prepared a second Draft Joint Declaration in which *invisible* sovereignty concept was defined. The Turkish Cypriots, however, rejected that document (Dodd 1998).

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<sup>23</sup> Zygi (Greek: Ζόγι; Turkish: Terazi) is a tiny village of Cyprus in the south coast.

In December of the same year, the European Union started its enlargement process with the Luxemburg Summit of 1997. As a result of this process, the EU formally began negotiations with the Republic of Cyprus (RoC) for its accession. The RoC thus became a candidate state for the EU in 1997, whereas Turkey was not accepted as a candidate. Following these events, Turkey boycotted the proceedings and froze its relations with the EU until it officially became a candidate for membership in 1999. Yet it has never been accepted as a member state (Dodd 1998). As a result of this process, the EU was dragged into the Cyprus conflict as one of the parties. In this context, Turkey's relations with the EU directly relate to the Cyprus conflict, which obviously cannot be perceived as a catalyst for EU membership, but contrarily acts as a major inhibiting factor in the EU's relationship with Turkey. The EU has conventionally maintained that the resolution of the Cyprus conflict passes through Turkey (Müftüler-Bac and Güney 2005).

Subsequent to the Luxemburg Summit, the Turkish Cypriots reacted to the RoC's membership in the EU and came up with two ideas: a confederation and a union with Turkey. Moreover they called for equal political recognition and a self-governing state. In July 1997, Bulent Ecevit<sup>24</sup> and Denktash signed a bilateral agreement on slow fiscal integration and limited integration on security and foreign policy. In this context, Turkey proclaimed that the Turkish Cypriots will be represented by the Turkish delegation in all intercontinental meetings regarding Cyprus and any attack on the island will be perceived as an attack on the Turkish government. On August 31, 1998, Denktash proposed the establishment of a Cyprus Confederation as a bi-communal, bi-zonal state with two sovereign entities. Therefore, one may argue that 'after the Luxembourg summit, the EU pushed Turkey further out of its influence and at the same time lost a mechanism – accession negotiations – to pressure Turkey on the Cyprus problem' (Müftüler-Bac and Güney 2005, 288).

How does a *federation* differ from a *confederation*? In a federation, sovereignty is in the hands of a single authority with a single international personality, while in a confederation each partner is sovereign with their own international personality. Secondly, in a federal government the state handles with absolute power, which was in paragraph 26 of the Set of Ideas confirmed by Denktash, while each confederated state

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<sup>24</sup> The Turkish Deputy Prime Minister

shares the state power (Economides 2000). In other words, in a confederation, two or more sovereign states come to an agreement to exercise power jointly in defined governmental activities, such as trade or security. Both autonomous states decide together in these areas, unanimity is the accepted law. Thus, one may assume that secession is a right in the accepted law (Dodd 1999). On the other hand, the parameters of the Cyprus conflict began to change after 1998 when the formal negotiations for accession between the EU and the RoC began with Turkey believing that there was no way the EU would risk a crisis with itself. Nevertheless the Turkish government threatened to occupy the island in the event membership in the EU was granted to the RoC (Varnava and Faustmann 2009).

In June 1999, the UN Secretary General took the initiative called 'G-8 Initiation' to bring both Cypriot groups together for negotiation. The G-8 members believed that there needed to be a comprehensive negotiation related to all relevant issues to enable peace and stability in Cyprus by resolution of the conflict. That same June, the United Nations Security Council passed the resolution of 1250 and in accordance with that, the members of G-8 wished the Secretary General to bring the two leaders together to support such a comprehensive negotiation. The resolution suggested that the parties negotiate under the following principles: no preconditions, all issues on the table, commitment in good faith to negotiate until a settlement is reached, full consideration of United Nations resolutions and treaties. After the 1250 Resolution, the Security Council also passed the resolution of 1251, whereby a settlement was based on single sovereignty (Brewin 2001).

In December 1999, proximity talks began under the auspices of the United Nations and these mediations lasted five rounds. In the last round, the Secretary General Kofi Annan presented his ideas for a resolution for Cyprus on November 8, 2000. However, these led Rauf Denktash, the leader of the Turkish Cypriots, to withdraw from the proximity talks for one year. On December 4, 2001, the two leaders of the Cypriots, Rauf Denktash and Glafcos Clerides, finally met and agreed to start proximity talks on January 16, 2002 (Migdalovitz 2007).

Up until he was sidelined in 2004, Rauf Denktash aimed at maintaining the status quo and encouraging the separatist policies from 1974. Turkey also supported Denktash until the Justice and Development Party (JDP) won the national elections in 2002. Ankara, on the other hand, officially supported the Annan Plan in 2004. Meanwhile,

Turkish Cypriots supported this by electing Mehmet Ali Talat, a moderate politician, as Prime Minister in 2004 and then as President in 2005. At the same time, Greek Cypriots elected Sypros Kyprianou (1977-1988) and Tasos Papadopoulos (2003-2008), who both pursued an agenda of preserving the status quo. Greek Cypriots leadership, on the other hand, genuinely looked for a solution at the time of President George Vassiliou and Glafkos Clerides. (Faustmann 2015).

On November 11, 2002, UN Secretary General Kofi Annan proposed a comprehensive settlement plan based upon Swiss and Belgian administration models. The proposal recommended reorganizing the RoC as a "United Republic of Cyprus" based on a bi-communal federal structure (see map of the "United Republic of Cyprus" in Appendix D). The results of a referendum held in the Southern (Greek) part of the island were disappointing with the support of only 24 percent of Greek Cypriots and 65 percent of Turkish Cypriots. The North's high level of support did not lead to any tangible results however. In March 2003, Kofi Annan declared that his efforts towards reconciliation had failed (Migdalovitz 2007). The failure of the Annan plan also reflects the intractability of the conflict that it did not succeed in countering the deep-rooted socio-psychological needs of both Cypriots. The ensuing decade saw little progress towards reconciliation; Cyprus' admission to the EU, and its eventual blocking of chapters in Turkey's negotiation talks only worsened the deadlock (Fisher 2001).

On May 1, 2004, the RoC - represented solely by the Greek side - became a full member of the European Union. In the EU context, two dynamics confound the Cyprus conflict – firstly Turkey as a candidate for EU membership is directly related, and secondly, Greece as a member of the EU has an interest in Cyprus' involvement in the EU (Müftüler-Bac and Güney 2005). The EU as a legal entity, on the other hand, caused Turkey and the TRNC frustration and disappointment as a result of not being accepted as members. After that, Greece started avoiding the Cyprus issue in order to continue deepening rapprochement with Turkey. Greece and Turkey strategically decided to deepen their bilateral commercial and political relations based on peace and collaboration (Evin and Denton 1990).

The peace-building capability of EU enlargement did not result in success, particularly following the disappointment of the 2004 Cyprus referendum (Tocci 2007). Since 2004, the Cyprus conflict has sustained its intractability, the relations between the

EU and Cyprus, as well as Turkey and Cyprus, and the EU and Turkey worsened. During the post-referendum era (2004-2008), the EU called for adherence to EU law and its inaction vis-à-vis the trans-legal political phases of the Cyprus conflict ultimately resulted in the destruction of inter-ethnic relations due to ethnocentric exploitation. The EU's political passivity from 2004-2008 has much to do with Papadopoulos's rejection to participate in negotiations aimed at a lasting settlement. The EU's political passivity allowed Papadopoulos to appeal for a suspension of EU law, simultaneously covering EU law with his un-European nationalism—an attitude that the EU law and the EU's institutions are intended to control, not to enlarge (Anastasiou 2009).

The tension between the political and legal characteristics of the Cyprus conflict stayed unresolved during 2004-2008, but this perpetuation deteriorated the regulation of European law and conflict-resolution policy of the EU on the island. Furthermore, nationalist politics obstructed the implementation of the ECHR<sup>25</sup> rule in favor of the human rights of refugees in the RoC acknowledging their right to demand the restitution of their property in Northern Cyprus. The ruling, moreover, reinforced the perpetuation of the Cyprus conflict and led to further polarization between the two Cypriot communities as well as between Turkey and the RoC (Anastasiou 2009).

Faustmann (2015) maintains that all three sides genuinely pursued a solution from 2008 to 2010, during the Presidencies of Demetris Christofias and Mehmet Ali Talat. After 2010, Turkish Cypriots, on the other hand, supported Derviş Eroğlu, who is rather more hard-line and rejected the Annan Plan. On top of this, Turkey has not made any attempt to breakthrough in the Cyprus conflict since 2008, the year of disappointment with regards to EU membership negotiations. Later on, Ankara did not undertake any initiatives to solve the conflict since EU membership is not seen as feasible for the foreseeable future and the JDP-led government was successful in the internal power struggle (Faustmann 2015). Development in negotiations was slow during the Eroğlu period, and new problems arose due to disputes over natural gas explorations and the Eurozone debt crisis (Loizides 2015).

Several rapprochements resulted in the failure to resolve the conflict. Yet a development independent of these rapprochements occurred in early 2000s. The Republic

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<sup>25</sup> The European Court of Human Rights

of Cyprus commissioned Petroleum Geo-Services to explore the island's offshore potential. Later, the RoC tried to sell licenses for eleven blocks in 2007. International Oil Companies (IOC), were not seriously interested in this, however, and they just took three bids (Caşın 2015). The Greek Cypriot government later authorized Noble Energy to perform the first investigative drilling procedures in Block Twelve. Noble began drilling on September 20, 2011 and they publicized the discovery of a predictable five to eight trillion cubic feet of natural gas.<sup>26</sup> The amount of the gas discovered in Block 12 is estimated to meet the energy consumption of Cyprus for over a century. Furthermore, the Republic of Cyprus can export the remaining gas from the domestic use (Gürel and Tzimitras 2015). Noble Energy started drilling its additional well in Block 12 in June 2013. Government officials who were set to benefit from the exploration success in Aphrodite field wanted to pursue further discoveries, hoping for between 30 and 40 trillion more cubic feet of gas. (Overview of oil and natural gas in the Eastern Mediterranean region 2013).

While the Republic of Cyprus initiated its first sub-sea drilling venture in the south part of the island, the conflict on nautical boundaries and the possession of offshore hydrocarbons between Turkish Cypriots, Greek Cypriots and Turkey was going on. Later on, this conflict turned into a crisis which coincided with the economic and political crisis between the European Union and Cyprus. The Greek Cypriots, on the other hand, signed 69 Exclusive Economic Zone delimitation agreements with Egypt, Lebanon and Israel in 2003, 2007 and 2010 respectively as the internationally-recognized Republic of Cyprus. These agreements drew borders of limitation of a 51 km<sup>2</sup> exploration area in the south part of the island's sea, which is divided into thirteen blocks (Gürel and Tzimitras 2015).

In response, the Turkish government also took action. Turkey together with Northern Cyprus signed a continental shelf delimitation agreement in 2011. This agreement theoretically enabled Turkey to explore the southern coast of Cyprus, however, the Nicosia government strongly opposed it. Despite this opposition the Turkish Petroleum Company started to explore the northern coast of the island in April 2012. Turkey rebuked the Italian Company ENI for later signing agreements with Cyprus (Caşın 2015). The Turkish national oil company (TPAO) also received exploration licenses for

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<sup>26</sup> With 'estimated gross mean resources of 7 trillion cubic feet' (Tcf)

sub-sea areas in the south, north and the east. All these steps are called ‘reciprocal steps of equal significance’ by Turkish authorities (Gürel 2013).

The possible game changer, a natural gas reservoir discovered by Noble Energy in 2011 in the Aphrodite field of Cyprus, appeared to have brought about a positive change. The discovery of a natural gas reserve, however, has provided fuel for the ongoing conflict over sovereignty over Cyprus’ offshore hydrocarbon reserves. Northern Cyprus has claimed large sections of the Eastern Mediterranean off the coast of the northern part of the island as international interest in Cyprus’s hydrocarbon resources has grown. The governments of both Northern Cyprus and Turkey have called for a stop to current hydrocarbon exploration and development efforts off the coast of Cyprus until a complete political resolution has been established for the island (Darbouche, El-Katiri and Fattouh 2012).

Due to the possible game changer, a natural gas reservoir, the Cyprus conflict, as noted, can be claimed to have faced a paradigm shift. According to Rothman and Olson (2001), this shift creates a new frame for the conflict from an abstract, complex and intangible one to a concrete, clear and tangible one having an element of urgency. Therefore, one may say that the current geopolitical dynamic has given a new framework to the Cyprus conflict as a resource-based dispute (interest-based dispute) rather than an identity-based conflict.

More recently, in February 2013, Nicos Anastasiades became the President of the Republic of Cyprus. The following year, he and his counterpart in the TRNC, Derviş Eroğlu, came to an agreement upon a Joint Statement to restart their dialogue. However, talks ended after Turkey had sent the Barbaros Hayrettin Paşa seismic research vessel accompanied by a warship into the island’s waters in October 2014 in response to the start of the RoC’s drilling operations without first reaching a final consensus in the negotiations. Furthermore, in 2014, the TRNC announced its own licensed areas and gave Turkey authority to explore petroleum in the island. As a result, Anastasiades has unilaterally put aside the negotiations (Cengiz 2015). The hopes of resolving the conflict in Cyprus have once again been raised following the presidential elections in Northern Cyprus. Seemingly more independent than Turkey in his policies, Mustafa Akıncı as a new, pro-solution President of the Turkish Republic of Northern Cyprus appeared to be a different kind of political actor in the Cyprus issue in May 2015. Akıncı, who was elected

with 60 percent of the popular vote in the presidential elections on May 1, 2015, started meetings with Anastasiades immediately after the elections on May 25, 2015 (Spiegel 2015). The first step for the comprehensive negotiations had thus been taken.

The process of building new negotiations was taking place within the framework of the Joint Statement, which was prepared by Eroğlu and Anastasiades. Instead of starting from scratch, Akıncı and Anastasiades drafted a new document for a settlement step-by-step without ignoring the previous consensus fields. The name of the document, called A.A., was inspired by the surnames of the two leaders and it is the most comprehensive document since the Annan Plan. Issues agreed upon by the parties are written in black ink, the arguments of the Turkish Cypriot side in red ink and the arguments of Greek Cypriot side in blue ink. The rationale behind the use of different inks is to make all the red and blue passages black at the end of the negotiation process. In the more recent stages of negotiation, some reds and blues have been converted to black. When compared to the past, recent and rapid advances seem to have occurred in the Cyprus conflict (Cengiz 2015).

The Cyprus conflict is entering a critical period thanks to the worldwide support of these negotiations. On September 25, 2015, Akıncı and Anastasiadis invited Ban Ki-Moon to take part in the deliberations at the UN General Assembly along with other high-level people. Negotiations between the two leaders in October and November are to be followed by a subsequent stage of dialogue in Davos alongside the World Economic Forum. It looks as if the Cyprus conflict will direct the agenda of the international community more and more in the days ahead (Cengiz 2015).

As a social-democrat politician and having different policies than Turkey, Akıncı's role in the Cyprus conflict may be one of compromise. He may, in fact, represent a different kind of political actor. Political leaders have long preferred rapid political gain over important steps towards reconciliation, therefore the stalemate in the Cyprus conflict has been inherited from the old unsettled conflicts. The sum total of individual actions has resulted in political blockage, which now is threatening the independence of these two countries, and "which, paradoxically, is the very reason the elites said they couldn't compromise in the first place" (International Crisis Group 2013). As opposed to these political elites, Akıncı has appeared to be a different actor in the sense of his positive



discourse for rapprochement for the Cypriot communities. In one of his meetings with Anastasiades in Nicosia, his positive discourse was clear:

I belong to the same generation as Anastasiades and most people are starting to regard this as a last opportunity after so many lost hopes, after so many disappointments (Spiegel 2015).

I always wanted to see rapprochement between our communities (Spiegel 2015).

As opposed to the secular standing of Akıncı, increasingly religious leadership in Turkey is growing. One may infer that he would take independent policies from Turkey from what he said:

People said we want more brotherly relations with Turkey rather than mother and baby, [We need] the kind of proper relationship that would enable the Turkish Cypriots to stand on their own feet, to be masters of their own institutions (Spiegel 2015).

The Cyprus conflict is still an ongoing issue in the international agenda and we will see how the conflict will reshape itself in the future.

## CONFLICT MAPPING

Based to the historical background of Cyprus which has been discussed above, this chapter will analyze the Cyprus conflict by utilizing Wehr's 'Conflict Mapping Guide' (1979). In his book titled *Conflict Regulation*, Wehr provides this guide to better understand conflicts and their contexts, parties, issues, dynamics and possible resolutions (Wehr 1979). The map may serve as a useful instrument for identifying relevant factors that emerge in the conflict process. Furthermore, the map also tries to analyze the unceasing evolution of the conflict which results in constant development, interaction between the parties or third party intervention. The map is comprised of the following:

1. *Conflict History*: This part explains the roots of the conflict and important events in the development of the conflict and its context. The crucial point here is to recognize parties' conflicting relationship and the context within which the conflict takes place.
2. *Conflict Context*: It is important to establish the scope and character of the context or setting within which the conflict occurs. Such scopes are geographic borders; political organizations, relations, and rules; communication channels and configurations; and decision-making models.
3. *Conflict Parties*: Conflict parties who are involved directly or indirectly have some interest in its outcome.
  - a. *Primary*: Primary conflict parties have incompatible goals and are involved in the conflict directly in pursuit of those particular goals.
  - b. *Secondary*: Secondary conflict parties have an indirect interest in the outcome of the conflict; however, they do not directly involve themselves

in the conflict. Secondary parties, on the other hand, may get involved directly as the conflict evolves.

- c. *Interested third parties*: Third parties have a stake in the successful settlement of the conflict.

In addition to identifying the conflict parties, this section details their particular goals in the conflict, relations of parties, and their leadership.

4. *Issues*: A conflict consists of one or more issues emerging from or leading to a decision. One should see each issue as a disagreement which must be resolved.

Identified issues can be grouped as:

- a. *Facts-based*: disagreement over what is due to perceptions of the parties on what is true. Perception and judgement primarily generates conflict.
- b. *Values-based*: disagreement over what factor of a policy choice, an association, or some other source of conflict should be chosen.
- c. *Interests-based*: disagreement over which parties and to what extent each will take in the sharing of scarce resources such as monetary benefits, power, and privilege.
- d. *Nonrealistic*: disagreement other than interests, perceptions or values. For example, the parties' style of interaction and their communication quality.

One should not only identify issues within these categories, but should also identify perception, values, and interests as well. One can define the values as conflict parties' position on any issue (e.g., parties always desire economic development). Interest, on the other hand, can be defined as conflict parties' expected share of scarce resources (e.g., money, power).

5. *Dynamics*:

- a. *Precipitating events* are the events on the surface.
- b. *Issue emergence, transformation, proliferation*: Over time, issues change in the conflict.
- c. *Polarization*: Conflict parties have a tendency towards bipolarization leading both to greater intensity and to generalization and conflict

settlement as they desire internal stability and unions with allies, and leaders combine positions.

- d. *Spiraling*: Conflicting parties may reciprocally increase hostility or damage. Furthermore, de-escalatory spirals in which opponents reciprocally decrease the hostility are also possible.
  - e. *Stereotyping and mirror-imaging*: Conflicting parties may perceive another as the mirror-opposite of their own characteristics. In this process, the parties' position rely on rigidity, misinterpretation miscommunication.
6. *Alternative Routes to Solution(s) of the Problem(s)*: Conflict parties have suggestions for conflict settlement. One should identify as many visible "policies" as possible for both the conflict parties and the intervener in the surface of the conflict. The intervener may then propose alternative dispute settlements.
7. *Conflict Regulation Potential*: The mapping process notes limiting factors for potentially resolving the conflict. These consists of following:
- a. *Internal limiting factors*: Conflict parties may have common interests and values.
  - b. *External limiting factors*: A higher authority from the outside could intervene and enable settlement.
  - c. *Interested or neutral third parties*: Conflict parties may trust a third party who may mediate the conflict, or locate financial resources for scarcity issue.
  - d. *Techniques of conflict management*: Methods range from arbitration, mediation, facilitation, negotiation and conciliation.
8. *Using the Map*: The conflict map is the essential initial step in conflict intervention.

The context, parties, issues, and dynamics will now be examined using the conflict tree as a map. Conflict regulation potential, alternative routes and techniques of conflict management for Cyprus conflict will not be investigated, because it would be beyond the scope of this thesis, which concerns the analysis of the Cyprus conflict in the context of current natural gas findings. The analysis of the Cyprus conflict will help in understanding the conflict as a whole and evaluating the recent dynamic -the natural gas findings- better in the big picture.

### 3.1. The Context

Cyprus is an island in the Eastern Mediterranean with a landmass of 9250 square kilometers. Centrality in the Middle East oil transport routes is what makes the island so important. Additionally, Cyprus is important as it has control over the axes extending from the Middle East to Africa, its dominance of Anatolia-Middle East the Suez Canal line - thus its being one of the checkpoints of the sea stretching from the Suez Canal to the Indian and Pacific Oceans - and it has a repository position in a possible oil-based war in the Middle East (Khashman 1999). The strategic importance of the island has attracted the attention of several actors. Besides Turks and Greeks living on the island; Greece, Turkey, the UK, the USA and EU countries have an interest in this conflict. Recently, Southern Mediterranean countries, such as Israel, have been involved in the issues such as the continental shelf, an exclusive economic zone, and oil and gas exploration activities. Therefore, the island has become a battlefield between these actors, each having different interests.

Cyprus' strategic trade location

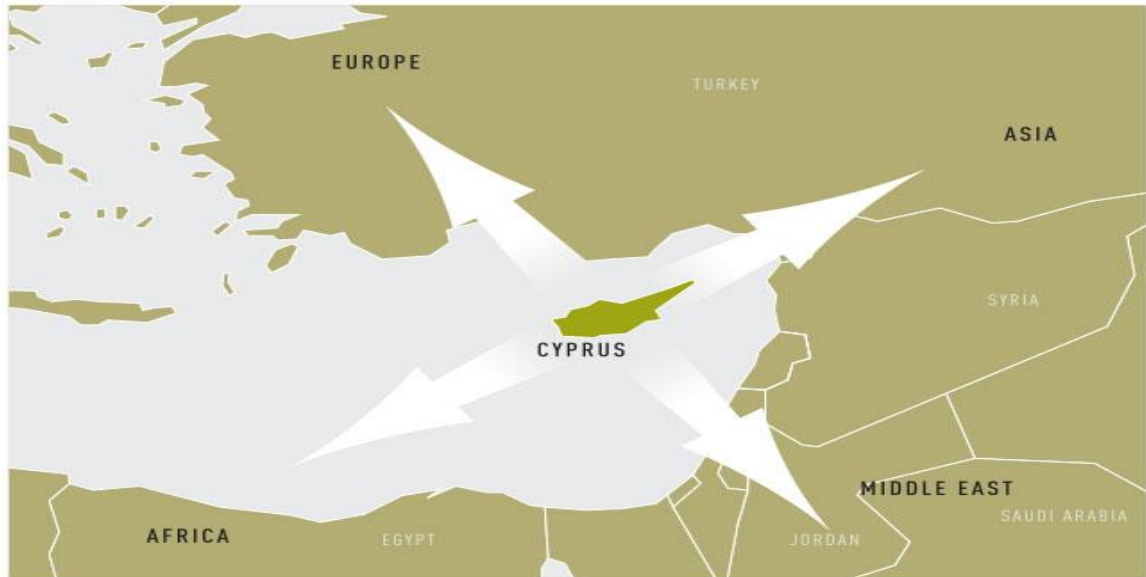


Figure 2: Cyprus' strategic trade location

Source: <http://www.worldfinance.com/wealth-management/driving-the-change-cyprus-pushes-for-economic-growth>

Throughout the Cold War, Middle East countries maintained their strategies by playing on the balance and competition between the bipolar powers. From this respect, when the countries in one of the sub-basins of the Middle East region, the Eastern

Mediterranean, are examined, Turkey and Greece are identified in the Western block historically, the RoC which was articulated the economic and political system of the West in Europe (the EU) after the Cold War; and Israel which survived due to the political and military assistance of the West, in particular the USA and became part of the Western World as a result the Palestine problem. Lebanon is a special case in the sense of its fragmented identity together with its unsuccessful government whereas Syria, Egypt, and Libya were able to maintain their integrity until the Arab Spring<sup>27</sup> (Kandemir 2013).

Israel lost an important strategic partner in the region, Egypt, with the overthrow of the Mubarak regime as a result of the Arab Spring. The degraded Turkey-Israel relations especially with *One Minute Crisis*<sup>28</sup> in Davos in 2009 and the events after *Mavi Marmara*<sup>29</sup> in 2010; together with Turkey's official contracts with the Hamas<sup>30</sup> government in the context of the Palestinian conflict<sup>31</sup> pushed Israel into a quest for a new balance of power in the region. The degraded Turkey-Israel relations and the Arab Spring also led to the new balance of power in Eastern Mediterranean and axes/alliances accordingly; and the establishment of a new equation of energy and maritime jurisdiction areas in the eastern Mediterranean. Recently, Turkey's decision about sanctions on Iran in the United Nations and the ongoing civil war in Syria has led Turkey to separate from the partners which may carry out cooperation in the Eastern Mediterranean. Such separation makes Israel perceive Turkey as a threat and created an axis with Greece and the RoC whose relations with Turkey have been troubled for a long time, mostly because of the Aegean and Cyprus disputes to create balance of power in the region. The

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<sup>27</sup> The Arab Spring is a revolutionary wave of demonstrations and non-violent and violent protests, riots, and civil wars in the Arab world that began on 2010, 18 December.

<sup>28</sup> The Prime Minister of Turkey at that time, Recep Tayyip Erdoğan, harshly criticized the Israel embargo on Gaza at World Economic Forum conference in 2009.

<sup>29</sup> Gaza Flotilla Raid resulted in nine Turkish civilians' death at the hands of Israeli Navy on the civilian aid ship *Mavi Marmara*.

<sup>30</sup> Palestinian government which is considered as a terrorist organization by the USA, the EU and Israel.

<sup>31</sup> According to Murinson (2006), as Turkey's business sector has been moving from Europe to the Middle East, the JDP (Justice and Development Party) has left on utilizing its geographic position, authentic Ottoman legacy and social connections with other Islamic nations as to hoist its profile among Arab individuals. According to Keleşoğlu (2012), in this appreciation, Ankara has observed that dynamic engagement with the Palestine struggle would be instrumental in raising Turkish "eminence" in Arab general sentiment (cited in İşeri and Andrikopoulos 2013).

deepening economic crisis in Greece and the RoC, on the other hand, significantly restricts the regional power of Israel-Greece-Cyprus-axis<sup>32</sup> in Eastern Mediterranean (Kandemir 2013).

The geostrategic position of Greece as a control mechanism over the Aegean through vital military connections on main Aegean islands played an important role in strategic planning of the USA and NATO as it provided security for NATO's Southeastern flank during the Cold War<sup>33</sup>, Turkey –an ally of both NATO and the Warsaw Pact- had greater strategic significance and was more independent in foreign policy than Greece due to its location. Throughout the Cold War, the security issues between Greece and Turkey took on new dimensions due to revisionist policy of Turkey mainly after 1973 in the Aegean and the Turkish invasion of Cyprus in 1974 (Coufoudakis 1997). Therefore, during the Cold War, Cyprus played a vital role in the balances of power of Eastern Mediterranean (Müftüler-Bac and Güney 2005).

The post-Cold War era changed many dynamics in the international environment. The era witnessed a remarkable change in the interstate order. Following the collapse of the Soviet Union, individual countries in Eastern Europe adopted new regimes; but the collapse of their former regimes often led to major problems, and even chaos. Nationalism emerged as a powerful factor in the politics of such countries and ethnic conflicts broke out in many areas of the Central Asia, the Balkans and the Middle East.

In this chaotic environment, Turkey and Greece had to reconsider their foreign policies. The prevailing feature of the new era was traditional 'conflict-negotiations-conflict' cycle. Turkey and Greece, the two NATO allies in Eastern Mediterranean, continued to have tense relations in the post-Cold War era. Two states realized the necessity of improving relations in the late 1990s during the Kosovo conflict. A rapprochement between Turkey and Greece followed in 1999, which resulted in bilateral

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<sup>32</sup> According to Stavris (2012) this is a "new energy triangle" (quoted by İşeri and Andrikopoulos 2013).

<sup>33</sup> The Cold War was a period after World War II when there was no large-scale fighting directly between powers in the Western Bloc namely the USA, its NATO allies and others; and powers in the Eastern Bloc namely the USSR and its allies in the Warsaw Pact (Heller 2006)

agreements on issues characteristically *low politics*<sup>34</sup>. This rapprochement, on the other hand, was not strong enough to make the two countries move from their positions on issues characteristically *high politics*<sup>35</sup> (Collias and Gülay 2003). At some point in the Cold War years, the southeastern flank of the North Atlantic Treaty Organization was about to collapse due to opposition between Turkey and Greece over the Cyprus issue, which would also negatively affect the interests of the West and the United States. The Cyprus Island is geographically important for the needs of West and the United States due to its strategic location at the entrance to oil routes in the Middle East and Asia. Therefore, a long-lasting solution to the Cyprus conflict is essential for the Cypriots as well as Turkey, Greece and the others (Khashman 1999). At the end of Cold War, issues like "Cyprus, minorities in Western Thrace and İstanbul, the delimitation of the Aegean continental shelf, territorial waters and airspace issues, NATO operational and command areas, search and rescue areas in the Aegean, and legal issues with clear security implications concerning the militarization of certain Greek islands in the Aegean" has dominated the agenda of Turkey and Greece (Coufoudakis 1997, 131).

The new process started between Turkey and Greece as a result of Turkey's achieving candidate status for EU membership in 1999 with the Helsinki Summit. In this process, the analogy between the candidacy of Turkey and the Aegean dispute, as well as the Cyprus issue was established. Other dimensions of Greece's security concerns with Turkey were the internal instability in Turkey, namely, problematic Turkish economy, the Kurdish conflict and the rise of Political Islam with an electoral victory both in local and national elections (Justice and Development Party)<sup>36</sup> (Coufoudakis 1997). Greece put pressure on Turkey in both issues *S-300*<sup>37</sup> and *Öcalan* (the Kurdish conflict)<sup>38</sup>. In between

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<sup>34</sup> Low politics is a concept which concerns the domain of the state's welfare and social or human security (Keohane and Nye 1977).

<sup>35</sup> High politics, the opposite of low politics, which deals with the survival of the state and national security (Keohane and Nye 1977).

<sup>36</sup> JDP (Turkish: Adalet ve Kalkınma Partisi: 'AKP') is a social conservative political party in Turkey that has won more seats than any other party in four general election victories in 2002, 2007, 2011 and June 2015, winning 34.3 percent, 46.6 percent, 49.8 percent and 40.9 percent respectively.

<sup>37</sup> S-300 anti-aircraft missile system mentioned in the history of the Cyprus conflict chapter

<sup>38</sup> Abdullah Öcalan is one of the founding members of the militant organization the Kurdistan Workers' Party (PKK) in 1978 in Turkey. The Kurdistan Workers' Party is a Kurdish organization which has been an



1999-2004, the belief of permanent and fair resolution of the Cyprus conflict by the UN General Secretary increased the hopes of Turkey for EU involvement. However, Turkey lost its hope due to failure of the Annan Plan. Notwithstanding the full EU membership of the RoC as the only legitimate representative of the island made the relations even more complex for Turkey. The RoC began to claim to be one of the main actors of Turkey's EU relations. Turkey was dragged into the affair of persuasion/ fight relations with Greece and the RoC step by step (Aksu 2013). The EU as a legalistic entity, on the other hand, made Turkey and the TRNC frustrated and disappointed as a result of not being accepted as its members. After that, Greece refrained from the Cyprus issue to continue deepening rapprochement with Turkey as mentioned in chapter two regarding history (Evin and Denton 1990). Therefore, the Cyprus issue turned into an important tool to define the rules of the new game.

## **3.2. Parties to the Conflict**

### **3.2.1. Primary Parties**

The primary parties in the Cyprus conflict are the Greek Cypriots and the Turkish Cypriots.

*The Greek Cypriots:* According to Greek Cypriots, the Cyprus Island is a Greek island. Mycaneans colonized the island in approximately 1500 BC. Since Lusignans arrived in 1191, the island has been under foreign rule; the island, on the other hand, has remained a centre of Greek culture with some specific characteristics. Self-determination should not be applied to both communities separately since the majority on the island are of Greek origin; the right of self-determination belongs to Greeks (The Republic of Cyprus: An Overview 1998).

In the hydrocarbon controversy, the Greek Cypriots claim that their initiatives on the gas reserves are legitimate due to recognition of the Republic of Cyprus (RoC) by the

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armed struggle against the Turkish state for an autonomous, democratic and united Kurdistan in the southeastern part of Turkey along Marxist-Leninist lines; in other words, it was for Kurdish nationalist struggle (see Tahiri 2007 for more information).

international community. The RoC has sovereign rights to explore and extract the natural resources in its Exclusive Economic Zone, which is "inalienable and non-negotiable" with the Turkish Cypriots. The Greek Cypriots maintain that the Turkish Cypriots will also take advantage of any wealth from natural resources "within the framework of united Cyprus" (Gürel and Tzimitras 2015, 86).

*The Turkish Cypriots:* According to Turkish Cypriots, the Cyprus Island is inhabited by two communities who have lived together on the island for a long time, and therefore have a right to maintain the status quo. That is to say, two separate communities constitute the island that one cannot talk about a Cypriot Nation. Self-determination should be applied to both communities separately (Turkish Republic of Northern Cyprus 1998).

In the hydrocarbon controversy, the Turkish Cypriots and Turkey put forward that the Greek Cypriots are not the only legitimate representatives of the RoC, as it is conflicting to the 1960 Constitution. In other words, according to the Turkish party, there is no single authority in the island to constitutionally represent the island as a whole consisting of all Cypriots together (Akyel Collinsworth 2012). Hence, they are against the initiatives taken by the Greek Cypriots on the gas reserves such as "signing of bilateral maritime delimitation agreements, the issuing of hydrocarbon exploration licenses to international firms, as well as the authorization of drilling operations off the coast of the Cyprus" (Gürel and Tzimitras 2015, 86). Both the Turkish Cypriots and Turkey agree that both Cypriot communities jointly enjoy these sovereign rights over the resources of the Island. As a result, both Cypriot communities are seen as co-owners of the Island's natural resources and that is why they both have the right to take the advantage of any wealth from the exploitation of these reserves (Gürel and Tzimitras 2015).

According to the Turkish Cypriots, any issue regarding the resources is a bicommunal issue for negotiation with the Greek Cypriots. The unilateral actions of the Greek Cypriots are not consistent with the essence of the negotiations undertaken by the United Nations for the resolution of the Cyprus conflict. Instead, Turkey and Turkish Cypriots suggest that the activities on the hydrocarbon development and decision on revenue sharing should be directed by a bicommunal authority operating under the United Nations supervision. The Greek Cypriots do not accept this due to the international

recognition of RoC to have a sovereign right to explore in its exclusive economic zone (Gürel 2013).

### 3.2.2. Secondary Parties

The important secondary actors in the Cyprus conflict are Turkey and Greece.

*Turkey:* Turkey has national and strategic interests on the Cyprus issue. According to London (1959) and Zurich (1959) Agreements, Turkey is a guarantor power in the Cyprus issue and assumes the role to enable peace on the island and protect the Turkish Cypriots in particular. Turkey advocates a *Cyprus Federation* proposal in line with the principles of equality. This proposal, declared by Rauf Denktas, supports the unity in the island with its confederal structure (Turkish Ministry of Foreign Affairs 2014).

One of the important questions in the hydrocarbon issue is the exportation of the gas offshore Cyprus via a pipeline across Turkey to Europe. Turkey has so far preferred the continuation of the status quo in the Cyprus conflict. The supply of the natural gas from the RoC, on the other hand, may be a catalyst to pursue a resolution for Turkey. The exportation of the gas via a pipeline across Turkey is also a politically and economically viable way in the case of the resolution of the Cyprus conflict, which will be discussed in the fourth chapter.

*Greece:* Greece advocates United Nations resolutions based on a bi-communal, bi-zonal federation with one sovereignty, one international personality and one citizenship for the resolution of deep-rooted Cyprus conflict (The Republic of Cyprus: An Overview 1998). Greece has reinforced its substantial ties with the Greek Cypriots. The perseverance of the enosis movement encouraged Greece to see the union with Cyprus (enosis) as a feasible national goal.

In the hydrocarbon controversy, the current maritime zones dispute on Cyprus coincide with the Aegean dispute between Greece and Turkey. Furthermore, one of the options to export the Cypriot gas is the exportation via a pipeline to Greece, which will be discussed in the fourth chapter.

### 3.2.3. Third Parties

Third parties involved in the Cyprus conflict are Great Britain, United States United Nations, and the EU.

*Great Britain:* Great Britain is one of the guarantor countries according to the London and Zurich Agreements. It has a history on the island; and in addition, the bases in the South Cyprus make Britain fragile to the Cyprus conflict (Foreign and Commonwealth Office 2014). These bases are Akrotiri and Dhekelia as mentioned in the history chapter. They play a significant role in providing a network for the UK to gather communications and to monitor in the Middle East and the Mediterranean. The bases are important for UK's national security interests in the long term as well as activities for conflict prevention in the region (UK Parliamentary Statement 2012).

*The United States:* The United States is an exterior player in the Cyprus conflict that can help the parties in the resolution because it has reliable relationship between primary and secondary the parties of the conflict (Foreign and Commonwealth Office 2014).

*The United Nations:* The United Nations is also an exterior player in the conflict that can help bring about a settlement on Cyprus; however, their resolutions are based on the establishment of independent Cyprus Federal State with one citizenship, one government and one foreign strategy (Foreign and Commonwealth Office 2014).

*European Union:* Since the Republic of Cyprus was a member state of the EU, the EU has been one of the parties of the Cyprus conflict. The accession of Republic of Cyprus to the EU has had a considerable impact on the Cyprus conflict as mentioned in the history chapter. Turkey, on the other hand, has never been accepted as a member state of the EU. Turkey, one of the secondary parties of the Cyprus conflict, frustrated after the accession of the RoC to the EU. Leading up to this, the Cyprus conflict has acted as a major factor of relations between Turkey and the EU.

The EU also has an interest on the hydrocarbon discoveries. If it would be commercially viable to export the natural gas via Turkey to Europe, the findings would be supplied for the EU. The commercial viability of the current findings will be discussed in the fourth chapter.

### 3.3. Issues

Several economic, political, security, social and relational issues are part of the Cyprus conflict. The economic issues entailed in the Cyprus conflict are the damaged infrastructure, retarded economic development, uneven development between the Greek-side and the Turkish-side of the island, unequal distribution of resources between the two communities and controversy over ownership. Between 1963 and 1974 and thereafter, the Turkish Cypriots have lagged economically behind their Greek neighbors. Lack of governmental and private investment, lack of skilled labor as well as inflation and devaluation of Turkish currency has significantly crippled the Turkish Cypriots' economy (Hadjipavlou 2007). The recent controversy over ownership is the hydrocarbon controversy between the Cypriots, which will be discussed in detail in the next chapter.

Secondly, political issues on the island have been on the agenda for many years as a result of conflicting views on the nature of the state. As discussed above, while the Turkish Cypriots advocate a confederal structure (Turkish Ministry of Foreign Affairs 2014), the Greek Cypriots are in favor of bi-communal, bi-zonal federation with one sovereignty, one international personality and one citizenship (The Republic of Cyprus: An Overview 1998). In other words, according to the Greek Cypriots self-determination should not be applied to both communities separately, which creates legitimacy problems in the eyes of the Turkish Cypriots.

Thirdly, security became a major issue especially after the events of 1974 since when the Greek Cypriots saw Turkey as a constant threat. The security issue also created mistrust between the two communities as in the results of 2004 Referendum. While 67 percent of the Turkish Cypriots voted 'yes' to the Annan Plan and to reunification and accession of the unified Cyprus to EU, 76 percent of the Greek Cypriots voted 'no' to all these (Hadjipavlou 2007).

Fourthly, social issues constitute the fourth set of issues including poverty, weakened social fabric, trauma and conflict over collective rights. Disparities historically stemming from ethnocentrism, human rights abuses and colonialism have generated power imbalances (Hadjipavlou 2007). Azar (1990) calls this *structural violence*. From this perspective, the Turkish Cypriots could be considered as victims of structural

violence due to the economic and political advantage of the Greek Cypriots especially after the EU accession of the RoC.

Finally, relational issue revolves around the perception of identity among the Cypriots. The Cypriot identity was shaped in the axes of chosen traumas and chosen glories where one side's hero is the other side's enemy (Volkan 1978). As discussed in detail in the previous chapters, the chosen traumas in the Cyprus has led to historical animosity which affects the relationship between the Turkish Cypriots and the Greek Cypriots. This animosity can be traced back to the 1950s, when the rise of two antagonistic nationalisms were observed, to the Greek Revolution against the Ottoman Empire in 1821 or even to the 15<sup>th</sup> century, the fall of Constantinople (Hadjipavlou 2007). Whenever an attempt to pinpoint the root of the hostility between the two communities is made, it results in mutual accusations, attributing negative characteristics to the other party, and polarizing one's own camp in opposition to the other.

All these issues form the basis for the deep-rootedness of the Cyprus conflict. In addition to these issues, new issues emerged as a result of the discovery of the natural gas offshore Cyprus. Below I will elaborate on the legal issues regarding the hydrocarbon controversy:

*The United Nations Convention on the Law of the Sea (UNCLOS):* The Third United Nations Conference on the Law of the Sea (UNCLOS III), which took place between 1973 and 1982, resulted in an international agreement called UNCLOS. UNCLOS consist of the rights of nations regarding regulating all uses of world's oceans and marine natural resources. It was accepted by over 160 states and came into force in 1994. Turkey, the USA, Israel and Venezuela were against its adoption and they have still not signed it. Certain provisions of UNCLOS, on the other hand, are binding on all states regardless of ratification of them due to customary international law status (The United Nations Convention on the Law of the Sea 2013). Turkey –the non-signatory to the United Nations Convention on the Law of the Sea- argues that coastal states in the crowded regions such as the Eastern Mediterranean have to negotiate the delimitation of maritime borders with equal principles (Akyel Collinsworth 2012).

According to UNCLOS, a coastal state is entitled to an Exclusive Economic Zone (EEZ) up to a limit of 200 nautical miles from the baselines. States generally come to an

agreement on a median line in case of an overlap; however delimitation between the EEZ of a continental state and that of a sovereign island is not clearly defined. Drilling without a compromise will result in more expenses, less reputable allies, inefficient growth decisions and higher risk for new conflicts. Even if it is the case, none of the parties in the hydrocarbon controversy of Cyprus –Turkey, Greece and Cyprus- could be able to definitely decide about the possession of the resources (see Appendix B for Turkish Cypriots' claims for hydrocarbon research blocks). They do maximalist claims to EEZ (see Appendix C for EZZ claims of the RoC) in the Aegean and Mediterranean that the likelihood of resolution without a compromise is almost impossible (International Crisis Group 2013). Turkish position in some provisions of UNCLOS, particularly Articles 3, 33, and 121, threaten stakes of Turkey in the Aegean dispute (Gürel, Mullen and Tzimitras 2013).

*The Maritime Zones:* The marine space has been divided into the territorial sea, the contiguous zone, the Exclusive Economic Zone<sup>39</sup> and the continental shelf. The coastal state, which is sovereign over internal waters and territorial sea, enjoys special rights of exploration and exploitation within the Exclusive Economic Zone and on the continental shelf (The United Nations Convention on the Law of the Sea 2013).

- a) *Territorial Sea:* It can be established by every state up to a limit not exceeding 12 nautical miles (NM)<sup>40</sup> from the baselines.
- b) *The Contiguous Zone:* It can be established up to a limit of 24 nautical miles from the baselines.
- c) *The Exclusive Economic Zone:* It can be established up to a limit of 200 nautical miles from the baselines. However, a state has to proclaim to establish EEZ.
- d) *The Continental Shelf:* It can be established up to a limit of 200 nautical miles from the baselines and cannot exceed 350 nautical miles from the baselines from

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<sup>39</sup> EEZ

<sup>40</sup> 1NM= 1,852 metres

which the breadth of the territorial sea is measured (The United Nations Convention on the Law of the Sea 2013).

Turkish continental shelf claims in the Eastern Mediterranean coincide with the EEZ declaration by the Greek Cypriots (see Appendix A). According to Turkey, such a declaration is possible only if the Cyprus conflict is resolved. Therefore, one may say that new controversy on maritime jurisdiction in Eastern Mediterranean were articulated on a set of interrelated, controversial issues of the Aegean dispute between Turkey and Greece which arose in the second half of 1973 regarding sovereignty and jurisdiction in the Aegean Sea (İşeri and Andrikopoulos 2013). In other words, the continental shelf issue is also important for Turkey for its territorial waters in Aegean Sea. Furthermore, Turkey does not recognize the unilateral maritime delimitation agreements of the RoC. For example, the bilateral maritime delimitation agreement between the RoC and Egypt overlaps Turkey's continental shelf claims (Gürel and Tzimitras 2015).

The RoC, on the other hand, mainly argues about its sovereign right to drill in its EEZ which delineated with Israel, Lebanon and Egypt, but not Greece, Syria or Turkey. Furthermore, Israel owns the 30 percent of the interests of Noble Energy's operational firm and Israel's EEZ comprise part of the Aphrodite field. Turkey also opposes the recent agreement on collaboration and security between Cyprus and Israel. Furthermore, the most profitable way for Israel to export the gas with the RoC and Greece; however, Turkey is an obstacle in this scenario (Aphrodite's Gift: Can Cypriot Gas a New Dialogue? 2012).

In addition to the issues regarding the hydrocarbon controversy, there is also a water issue between the RoC and TRNC. The lately completed pipeline – Peace Pipeline (Barış Suyu) – crossing beneath the Mediterranean will transfer 75 million cubic meters of fresh water yearly from Turkey to TRNC. This seems a positive development for TRNC, which has had difficulties not only from severe droughts but also from an international embargo since it declared its independence unilaterally in 1983 notwithstanding criticism from some Greek Cypriots that Turkey would have much more influence over TRNC. Turkish government has said that Greek Cypriots could also utilize this water. However, the Greek Cypriots rejected the project by not recognizing the water situation while Turkish Cypriots supported. The distribution of water has become a source of conflict between the RoC and TRNC because the RoC's demand for water has increased (Atlı 2015).



### 3.4. Dynamics

As discussed in the chapter above, the Cyprus conflict can be classified as an intractable, identity-based conflict that has been on the agenda of international community for over 40 years. The conflict may be said to have started after 1958 through dispute between the Turkish Cypriots and Greek Cypriots, although it was apparent before - particularly when the Turkish Cypriots helped the British in the 1950s in their resistance against the EOKA organization. In other words, the British rule arguably sowed the seeds of the conflict between the two communities in the Cyprus. The time of grievance from 1964 to 1974 brought in all the players in the Cyprus conflict and deeply affected the mind-set of subsequent participants in reaching a settlement. The stereotyped image of the opposite Cypriot identities have revolved around the enemy perception and finally resulted in terrorist organizations like EOKA, the rise of which marked the peak of polarization in the conflict.

The year of 1960 could have been another turning point as it was the year the Republic of Cyprus was formed. The conflict, however, re-escalated three years afterwards. Zero-sum negotiating tactics used in 1960 Constitution caused a security dilemma<sup>41</sup> on the island. Even though the negative peace<sup>42</sup> was achieved on the island with the help the peacekeeping troops sent by UN, Turkey's military intervention in 1974 actually led to catastrophic and permanent deadlock, which could not be resolved despite the third parties' attempts to force a settlement.

The hydrocarbon discoveries offshore Cyprus, on the other hand, has appeared to introduce different dynamic to the conflict. This new development made a paradigm shift in the conflict from an identity-based one to a resource-based dispute. However, the parties are at stalemate in the hydrocarbon controversy as well, largely due to the

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<sup>41</sup> The term 'security dilemma' refers "a structural notion in which the self-help attempts of states to look after their security needs tend, regardless of intention, to lead to rising insecurity for others as each interprets its own measures as defensive and measures of others as potentially threatening" (Herz 1950, 157).

<sup>42</sup> The term 'negative peace' refers to absence of a war; whereas the positive peace "encompasses all aspects of the society that might envisage for ourselves: universal rights, economic well-being, ecological balance and other core values" (S. Fisher, D. I. Abdi, et al. 2000, 12).

insufficient effect of the resources for the market. The potential and actual impact of this new dynamic on the conflict will be looked at in the next chapter.

Recently, the election of a new President to the TRNC - Mustafa Akıncı- is another novel and interesting dynamic. Coming from a left-wing worldview and with a positive discourse, his leadership of the Turkish community could potentially change the dynamics of the conflict. If realized, in such an impact one may observe the role of the political figures in the resolution of the conflicts. On the other hand, the full consequences of Akıncı's presidency are yet to be seen.

After this enumeration and analysis of the dynamics of the conflict, below the *Conflict Tree* is used to visualize the dynamics and root causes of the Cyprus conflict. The tree visualizes the interaction between structural, manifest and dynamic factors. The roots represent root causes. The trunk represents the manifest issues, connecting structural factors with the dynamic factors. The leaves moving in the wind symbolize the dynamic factors (S. Fisher, D. I. Abdi, et al. 2000).

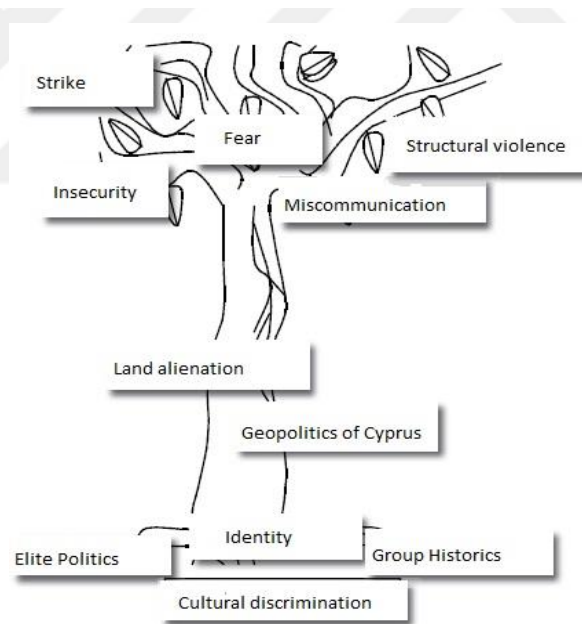


Figure 3: Conflict Tree

After the analysis of the history of the Cyprus conflict, one may say that the roots of the conflict trace back to group history in the axes of cultural discrimination between the Cypriots. The Cypriot identity was shaped around historical animosity between the Greek Cypriots and Turkish Cypriots. Why geopolitics of Cyprus stand at the core reasons

behind the conflict is that it causes many actors to be involved in the conflict, as they all have interests on the island. Economic imbalances between the RoC and TRNC –land alienation- is another manifest issue in the sense of manipulating both Cypriots against each other by utilizing the economic issues as a factor. What is seen in the leaves of the tree -strike, insecurity, fear, structural violence and miscommunication- are what appears to be happening on the surface; however, what actually lies behind those dynamics is quite different.

As a manifest issue at the core, the effects of the natural gas discoveries offshore Cyprus on the Cyprus conflict needs to be analyzed. Up until now, this study has covered the theoretical underpinnings of the Cyprus conflict and the analysis of the conflict; however, the hydrocarbon controversy has appeared to be a concrete issue between the actors of the Cyprus conflict with its potential for resolution. One should first elaborate on the energy security and energy interdependence to understand the role of energy resource in the market that may have a potential for bringing the parties together to make settlement in accordance with their interest. Whether the energy resource could be catalyst or not would be depend on the commercial value of the estimated value of the resource. That is why the focus of the fourth chapter would be about energy security and the hydrocarbon case in Cyprus specifically.

## THE ROLE OF ENERGY IN THE CYPRUS CONFLICT

Even though there is a vast amount of literature and much debate about what constitutes *energy security*, no consensus on its definition has been reached. The tricky point is that the conception of energy security hinges on "where in society one sits" (Ebinger 2011). According to the International Energy Agency's<sup>43</sup> definition, energy security simply refers to "the uninterrupted availability of energy sources at an affordable price". Long-term energy security is about appropriate investments in energy supply - consistent with financial expansion and ecological essentials - whereas short-term energy security is about the capability of the energy structure to respond immediately to deviations simultaneously within the supply and demand equilibrium (International Energy Agency n.d.). The concept of energy security, however, has been perceived differently by various countries. The US perceives energy security as security of supply; the EU as supply security, sustainability, and affordability; China as supply security; India as affordability; and Russia as market security (from the lecture notes of ES504 course in Sabanci University). Hence, it is imperative to understand what energy security means for all conflicting parties in a conflict.

The 1973 Arab oil embargo, and the risks it highlighted in the Western world, marked the creation of the current model for energy security. This system guarantees collaboration among the developed nations in case of a disruption in supply, to give support to coordination on energy strategies, and to discourage exporters from using the

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<sup>43</sup> "(IEA), whose members are the industrialized countries; strategic stockpiles of oil, including the U.S. Strategic Petroleum Reserve; continued monitoring and analysis of energy markets and policies; and energy conservation and coordinated emergency sharing of supplies in the event of a disruption" (Yergin 2006, 69).

oil model. In this model, the more interdependence increases, the more energy security hinges on the management of bilateral or multilateral relations of countries. However, the paradigm of energy security cannot be constrained to oil. Power blackouts in Europe, Russia, and the United States - in addition to the lack of electrical power in India, China and other developing countries - have spread concerns about the reliability of electricity supply systems. Growing demand and limited supplies in the natural gas market mean that North America can no longer be self-reliant, and therefore the USA is joining the new global market in natural gas that will connect continents, countries and prices together in an unprecedented way (Yergin 2006). Therefore, one may say that energy security has been one of the critical challenges in global politics due to this interdependence between nations.

One of the current dynamics in the energy security system, the discovery of the natural gas reserves offshore Cyprus, holds promising potential to contribute to provincial collaboration and peace. These resources may serve as a peace catalyst by facilitating the reunification of Cyprus and promoting collaboration between Turkey and Cyprus. The "peace pipelines theory" assumes that trade-in energy leads to interdependence, which in turn, favors peace. Taking this into account, the geopolitical effects of these new natural gas resources, their potential economic benefits, and the opportunities such as those offered by energy trade may be incentives for peace between the states in conflict (Shaffer 2014).

Whether interdependence leads to peace or not, on the other hand, is a highly debated issue in the literature. Some scholars (Buzan 1984; Levy 1989; Morrow 1999) have claimed that interdependence and conflict are unrelated at a theoretical level; and others (Goenner 2004; Kim and Rousseau 2005; Ward, Siverson and Cao 2007) have tried to show empirically that there is no relationship between conflict and trade levels. Going a step forward, some scholars consider trade interdependence as a source of peace (Reed 2003; Gartzke 2007) by allowing states to have more information on each other, while others (Hobson 1938; Hirschman 1945; Barbieri 1996; Barbieri and Schneider 1999) consider it to be an incentive for conflict.

Theories of interdependence generally agree that economic relationships have an effect on the conflict propensity of states. Conflicts may be transformed by the value of economic ties. Critics of interdependence argue that economic linkages do not have

powerful pacifying impact on world politics, either due to inadequate stakes to deter conflict, or due to some incorrect aspect of the causal logic suggested by liberals and others (Gartzke and Lupu 2011).

Two main strands comprise of interdependence theories in the literature. The traditional approach emphasizes the ‘third image’ and tries to explain how economic linkages between nations alter the actors’ incentives in the international system (Gartzke and Lupu 2011). Starting with Norman Angell (1933) and continuing through others<sup>44</sup>, these researchers discuss that interdependence - mainly interstate trade - increases the opportunity cost of war, hence contests becoming less likely. Moreover, Rosecrance (1986) also discussed that states can attain gains more effectively through economic means such as increase in trade, rather than through war (cited in Gartzke and Lupu 2011).

The second main strand of interdependence theory emphasizes the ‘second image’ and claims that the local incentives for leaders to engage in wars decrease as interdependence increases. This commercial peace view of the relationship between economic relations and war discusses that interdependence pacifies the effects of security dilemmas of states with the help of creating common interests and decreasing the level of uncertainty (Gartzke and Lupu 2011). Linking certain of these strands of theory, Gartzke (2007) has maintained that interdependence<sup>45</sup> reduces conflict by (i) aligning interests of states, which provides them less to contest over; (ii) offering a means of securing resources peacefully; and (iii) enabling states to predict the costs of fighting, which assists negotiating and cooperation. In light of these theories, one can analyze whether interdependence of Cyprus’s energy resources for both parties may be a catalyst for peace or not. This thesis assumes that interdependence leads to peace.

When the existence of natural gas reserves in the Eastern Mediterranean was proven, some observers (Bryza 2013; Grigoriadis 2014; Gürel and Mullen 2014; Khadduri 2012; Wilson 2014; International Crisis Group 2013) saw it as a glimmer of hope for peace and prosperity in the region - particularly in Cyprus. The reason behind

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<sup>44</sup> See also Francis Delaisi, *Political Myths and Economic Realities* (London: Noel Douglas, 1925); Solomon W. Polachek, “Conflict and Trade,” *Journal of Conflict Resolution*, Vol. 24, No. 1 (March 1980), pp. 57-78; Richard N. Rosecrance and Arthur Stein, “Interdependence: Myth or Reality,” *World Politics*, Vol. 26, No. 1 (October 1973), pp. 1-27.

<sup>45</sup> defined as including trade, development, open financial markets and monetary policy coordination

this hope for peace is quite clear: the discovery of natural gas in Cyprus and expectations of further discoveries, assess a direct dollar value to alleviating division or complete division (Wilson 2014). Noting the assumption that all actors value absolute gains derived from the monetizing of natural gas, one may claim that parties would be more willing to solve political problems which may negatively affect their interest (Demiryol 2015).

The discovery of energy supplies in this conflict zone may increase the chances of peaceful resolution in several ways. First, it may enhance the dialogue between Turkey and Cyprus. Second, Turkey could by resolving the Cyprus conflict provide a significant contribution to its energy security. Third, Turkey could come to an agreement to ensure cheaper gas from Cyprus. In this context, the natural gas reserves offshore Cyprus could be used as a tool for bringing the parties together for cooperation rather than dispute, which could boost the confidence between the parties and in turn be a catalyst for a resolution. Such cooperation could be described as "the mother of all confidence building measures", which could result in greater geopolitical stability (Gürel and Tzimitras 2015, 90). Such a stable environment would increase the possibility of investment on the part of gas companies. Experts say that the most profitable way of monetizing the island's gas is to export the gas via a pipeline through Turkey to Europe. The ensuing economic advantages accruing to Turkey, as a result, would give additional currency to the Turkish government to counter domestic opposition towards a settlement in Cyprus. Not only would Turkey would gain a benefit from such a development, but Europe also would benefit from this gas through the pipelines already constructed for Caspian gas (Gürel and Tzimitras 2015). The Cyprus conflict may be an interesting illustration of the role of energy supplies increasing interdependency between two conflicting parties, hence leading to peace.

However, absent a general framework for resolution, the hydrocarbon controversy currently appears to have increased the tension between the north and south Cypriots on more fundamental disagreements such as sovereignty, and the form of the state. One may observe that the position of the parties in the hydrocarbon controversy overlaps with their stances vis-à-vis the political settlement. The Turkish Cypriots and Turkey propose that not only do both Cypriots possess the natural resources of the island, but also that they jointly have the right to explore and exploit them regardless of a solution. The Greek Cypriots, on the other hand, state that Cypriots can share wealth from natural resources only if there is a settlement. Hence, the perception of the hydrocarbon issue is "yet another

episode the fundamental conflict of principle between them and thus has already turned into a zero-sum game" (Gürel and Tzimitras 2015, 90). In other words, it seems that both communities would have to compromise on their central positions for a political solution. The hydrocarbon reserves can be used as a tool to drive the conflicting parties towards a resolution because the only way of benefiting fully from these resources is cooperation (Gürel and Tzimitras 2015). The possibility of cooperation in the Cyprus hydrocarbon scenario depends on the creation of a 'win-win' situation for the two sides on the island; cooperation is possible only if there is to be resolution.

How can the natural gas be a catalyst for resolution? To answer this question, one first should analyze how the natural gas could be used as a tool for serving the interests of the parties. The natural gas could be used domestically or be exported. The exportation is possible via a pipeline, or exportation after transformation into Liquefied Natural Gas (LNG) in a specially built tanker or as Compressed Natural Gas (CNG). The pipeline option costs less for shorter distances between the purchaser and the exporter. The latter option requires a large-scale manufacturing plant which is expensive; however, it frees the exporter from dependence on a single route and purchaser at the end of a pipeline. The third and last option is generation of electricity from the natural gas, and then export of the electric power. Whether the first, the second and the third option or the combination of first two is best depends on the overall quantity of natural gas obtainable, the cost of recovery, and the cost of selling the gas (Henderson 2013).

The possible options for the natural gas in the Aphrodite field are pipeline options to Israel, Greece or Turkey, as well as exporting by way of the LNG or CNG options. Which of these options would be best in any scenario depends on the commercial viability of these options. "Commercial viability relates to a field's upstream (production) and midstream (monetization) costs set against expected downstream revenues. Potential revenues must exceed costs by a significant margin for a project to be commercially viable" (Giamouridis 2013, 4). Monetization means the revenues for taking the hydrocarbon reserves to the market and creating income for partners. Monetization of the gas and investment decisions are based on the envisaged profitability and long-term attractiveness of precise gas markets (Giamouridis 2013)



One of the options in the Cypriot gas scenario is Liquefied Natural Gas (LNG)<sup>46</sup>. "The usual rule-of-thumb for choosing between a pipeline and LNG option is that LNG tankers become commercially viable for distances greater than 3,000 miles<sup>47</sup>. In the context of Eastern Mediterranean discoveries, this suggests that future European customers would be best supplied by pipelines, while LNG tankers would provide for Asian customers" (Henderson 2013, 4). Thus, one may say that a large plant in Greek Cyprus would actually push energy out of any talks for a peaceful resolution. One of the senior energy executives interviewed by the International Crisis group stated that Aphrodite may have adequate gas to make an LNG plant feasible by itself (International Crisis Group 2013). However, it would necessitate expensive investments over time and financing (Mullen 2014). Another interviewee by the International Crisis Group, Nicos Rolandis, stated that LNG shipments are much more costly when compared to piped gas. "An LNG plant will cost some \$10 billion and face considerable market risks" (International Crisis Group 2013). Such a large investment in time and finance (see table 1 for estimated revenue from Block 12 after running and investment costs) requires a politically stable environment - which is not the case in Cyprus unfortunately.

**Table 1: Estimated revenue from Block 12 gas after running and investment costs**

ESTIMATED VALUE FROM GAS SOLD AS LNG	
A. Gas available for export, bcm	173
B. Gas used in operating the LNG plant (estimated 12.5 percent), bcm	22
C. Gas available for sale as LNG (A-B), bcm	152
D. Converted to million MMBtu or trillion Btu	5,456,376,470
E. Spot price of European LNG on 22 June 2012, \$ per MMBtu	\$11.5
<b>F. Value of block 12 LNG gas after operating but before investment costs (dxe), \$ million</b>	<b>\$62,748</b>
G. Cost of exploration (estimated derived from Noble investment in 1 year), \$ million	\$600
H. LNG construction cost, mid-range (source: Minister Sylikiotis), \$ million	\$10,000
I. Distance from Block 12 to Vassiliko (source DEFA), km	200
J. Cost per 100km of a submarine pipeline at more than 1000m depth, \$ million	\$1,000
K. Cost of submarine pipeline from Block 12 to Vassiliko (IxJ), \$ million	\$2,000
<b>L. Total investment costs of LNG (G+h+K), \$ million</b>	<b>\$12,600</b>
<b>M. Net revenue of Block 12 gas after running and investment costs (f-L), \$ million</b>	<b>\$50,148</b>

<sup>46</sup> The natural gas which is converted to liquid form for ease of storage or transport

<sup>47</sup> 4,800 kilometers

Sources: Reuters(LNG prices); Pete Wallace, Tractebel Engineering (pipeline/km costs); Minister Sylikiotis(LNG plant cost); DEFA (distances from Block 12 to Vassiliko and pipeline cost).

Source: PCC Report 1/2013 by PRIO Cyprus Centre

If Table 1 were up to date, the spot price<sup>48</sup> of European LNG would be even less in 2015 than it was on June 22, 2012 at \$11.5 (\$ per MMBtu). A recent spot price of EU LNG was \$6.71 (\$ per MMBtu) as of September, 30, 2015, which had decreased from \$6.95 the previous month and from \$9.24 one year earlier. This is a change of -3.45 percent from the previous month and -27.38 percent from one year earlier (YCharts n.d.). Furthermore, the cost of exploration (\$600 million) is higher than estimated due to increasing risk, inflation and overall general costs. Thus, Table 1 appears too optimistic about the estimated revenue from Block 12 when the higher operating and investment costs are considered. Unless LNG liquidation costs had been substantially lower, there would not be any change in LNG investment for the island's gas.

The CNG (Compressed Natural Gas) option, on the other hand, takes less energy and equipment than the former LNG option at the producer end; and at the consumer end to transform usable gas. The CNG option, however, has some disadvantages. Firstly, CNG is a typical option for domestic consumption, as no ship has actually been built to transport CNG. Secondly, even if a ship is built, the cost of transportation will be higher than LNG because the amount it can transport is less than what can be transported by LNG - particularly for extended distances. The high cost of transportation, hence, is an obstacle for the export market to Europe. Thirdly, countries rarely have the local infrastructure to import CNG. The volume of CNG to be transported on land is so large that it requires a local delivery net at the port of entry (Gürel, Mullen and Tzimitras 2013).

For the Greek Cypriots, the alternative way is to export the gas via other routes. This seems to be more feasible without a Turkish obstacles in the way; however, in this

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<sup>48</sup> The up-to-date price at which a specific security can be bought or sold at a particular time and place.

case the natural gas issue would not provide a solution for the Cyprus conflict unless the gas is exported via Turkey to Europe. Instead of altering the status quo, Greek Cypriots prefer sharing the wealth from the natural gas with Turkish Cypriots and Turkey, which would increase the tension between Turkey and the Turkish Cypriots. Furthermore, the Turkish position in the case of exporting the gas via other routes, which could include the possibility of a Turkish right to militarily intervene (Faustmann 2015), is not clear. These alternative ways of exporting the island's gas are via Israel, Greece or Turkey.

As previously stated, one of these pipeline options is to Israel. Theoretically speaking, the Arab Gas pipeline - which connects Israel, Syria, Egypt and Lebanon and potentially Turkey in the future - could be a relatively easy option to flow gas through Aphrodite field. Turkey is, once again a recipient here; however, the likelihood of this to happen is rather low due to security problems in the region, especially the Arab sabotage (International Crisis Group 2013). One of the interviewees of the International Crisis Group Gary Lakes (2011) explains this well:

In an ideal world, you send all the gas to Israel and connect it to the Arab pipeline. But of course that can't happen because of the security situation. Jordan's pipeline gets bombed often.

Another pipeline option for the Aphrodite gas is to Greece. The possibility of this option again depends on a cost-benefit analysis. John Tomich, Noble Energy's county manager, says that if the pipeline project were to go to Greece, it would cost too much and likely have logistical problems due to the geology between Greece and Cyprus. Simply building the pipeline would take seven years, and that pipeline would be very long and deep (International Crisis Group 2013). "A pipeline to Greece may cost \$15-\$20 billion" (International Crisis Group 2013). In that sense, this option would be very costly to take into consideration (see table 2 below for estimated revenue from gas sold via pipeline to Greece). (via Crete and the Peloponnese islands)

**Table 2: Estimated revenue from gas sold via pipeline to Greece**

ESTIMATED REVENUE FROM GAS SOLD VIA PIPELINE TO GREECE	
A. Gas available for export, bcm	173
B. Gas lost in pipeline transit (estimated 5 percent), bcm	9
C. Gas available for sale through pipeline (A-B), bcm	165
D. Price of Russian natural gas at German border in May 2012, \$ per 1,000 cu m	\$450
<b>E. Value of block 12 pipeline gas after transit but before investment costs (Cxd), \$ million</b>	<b>\$74,051</b>
F. Cost of exploration (estimated derived from Noble investment in 1 year), \$ million	\$600
G. Cost of submarine pipeline from Block 12 to Vassiliko (see Table 6.3), \$ million	\$2,000
H. Distance from Cyprus to Crete and Peloponnese (source DEPA), km	1,038
I. Estimated cost per 100km of pipeline at 2000m depth derived from cost of 1,000 m, \$ million	\$1,500
J. Cost of submarine pipeline from Vassiliko to Greece (HxI), \$ million	\$15,570
K. Estimated distance on land to link to pipeline network, km	200
L. Estimated cost per 100km of an onland pipeline inc land purchase, \$ million	\$670
M. Cost of onland pipeline in Greece (KxL), \$ million	\$1,340
<b>N. Total investment cost of pipeline to Greece (f+G+J+M), \$ million</b>	<b>\$19,510</b>
<b>Q. Net revenue of block 12 gas to Greece after transit and investment costs (e-n), \$ million</b>	<b>\$54,541</b>
Sources: index.mundi (natural gas prices); DEFA (distances from Block 12 to Vassiliko); DEPA (distances from Cyprus to Greece); Quantum Energy (likely depth of pipeline).	

Source: PCC Report 1/2013 by PRIO Cyprus Centre

If Table 2 were up to date, the price of Russian natural gas at the German border of \$450 (\$ per 1,000 cu m) would fall 36 per cent in 2015 as crude plunged (Mazneva 2015). In addition to an optimistic cost of exploration price, the price of Russian natural gas at the German border is no longer \$450 (see figure 3 below). In this scenario, table 2 seems, again, optimistic about the net revenue of block 12 gas to Greece after transit and investment costs.



Figure 4: Russian Natural Gas at German Border, US Dollars per Million Metric British Thermal Unit

Source: <http://www.indexmundi.com/commodities/?commodity=russian-natural-gas>

According to reports by the International Crisis Group and Peace Research in Oslo (PRIO); "Aphrodite's Gift: Can Cypriot Gas Power a New Dialogue?" and "The Cyprus Hydrocarbons Issue: Context, Positions and Future Scenarios", respectively, the most profitable and practical export option of the gas in Cyprus is to export via a pipeline to Turkey, a growing market with a connection to Europe and Greece, and requires a sustainable energy supply. This option would be less costly in terms of infrastructural elements since the pipeline between Turkey and Greece, for example, already exists. However, the parties will build a pipeline between Turkey and Cyprus only if there is to be a solution to the Cyprus conflict (International Crisis Group 2013). In other words, there needs to be a resolution to make use of the gas, as mentioned in the beginning of the chapter. The amount of gas which is commercially viable, on the other hand, could serve as a peace catalyst. Thus, the export via pipeline to Turkey scenario seems to be a prisoner's dilemma<sup>49</sup>.

<sup>49</sup> The Prisoner's Dilemma Game (PD) is one of best-known games in the game theory. The game shows the following scenario: "Two prisoners are awaiting trial for a crime they committed. Each must decide between two courses of action: confess or not. If either person confesses, in other words, they cooperate with each other; each prisoner will have to serve a prison term of two years. On the other hand, if both prisoner will have to serve a prison term of two years. On the other hand, if both prisoners chose to 'defect' and turn evidence against one another, both prisoners will be faced with a four year prisoner term" (Alfredson and Cungu 2008, 12).

Pumping Cypriot gas to Turkey and continuing on to the EU would be a much better choice politically, and, potentially monetarily. However, this is profoundly improbable in the present circumstances. This means Greek Cypriots may pick a more costly (LNG) choice, avoiding Turkey and the Turkish Cypriots. Additional risks related to the unresolved conflict will make any LNG development more costly and markets hard to find. Turkey will probably keep most oil organizations on the sidelines, there is not yet enough Cypriot gas to make an LNG plant genuinely profitable, and additional Israeli volume appears to be impossible. Energy officials say such circumstances will bring about long delays (Aphrodite's Gift: Can Cypriot Gas a New Dialogue? 2012).

**Table 3: Estimated revenue from gas sold via pipeline to Turkey**

ESTIMATED REVENUE OF GAS SOLD VIA PIPELINE TO TURKEY	
A. Gas available for export, bcm	173
B. Gas lost in pipeline transit (estimated 5 percent), bcm	9
C. Gas available for sale through pipeline (A-B), bcm	165
D. Price of Russian natural gas at German border in May 2012, \$ per 1,000 cu m	\$450
<b>E. Value of block 12 pipeline gas after transit but before investment costs (Cxd), \$ million</b>	<b>\$74,051</b>
F. Cost of exploration (estimated derived from Noble investment in 1 year), \$ million	\$600
G. Cost of submarine pipeline from Block 12 to Vassiliko (see Table 6.3), \$ million	\$2,000
H. Estimated distance from Vassiliko to Kyrenia, km	60
I. Estimated cost per 100km of an onland pipeline inc land purchase, \$ million	\$670
J. Cost of a land pipeline from Vassiliko to Kyrenia (HxI), \$ million	\$400
K. Estimated distance from Kyrenia to Aydincik on Turkey coast (shortest route), km	65
L. Cost of submarine pipeline from Kyrenia to Turkey coast (IxK), \$ million	\$440
M. Estimated distance from Aydincik to Ceyhan, km	200
N. Cost of a land pipeline from Aydincik to Ceyhan (IxM), \$ million	\$1,340
<b>O. Total investment cost of pipeline to Turkey (f+G+J+L+n), \$ million</b>	<b>\$4,780</b>
<b>P. Net revenue of block 12 gas to Turkey after transit and investment costs (e-o), \$ million</b>	<b>\$69,271</b>
Sources: index.mundi (natural gas prices); Pete Wallace, Tractebel Engineering (pipeline costs); DEFA (distances from Block 12 to Vassiliko).	

Source: PCC Report 1/2013 by PRIO Cyprus Centre

Although Table 3 is too optimistic about the net revenue of block 12 gas to Turkey after transit and investment costs, this is not the case for Turkey and Cyprus. Because the overall quantity of the gas and the possible economic benefits is too low to meet the interests of the parties, the perpetuation of the Cyprus conflict still serves the interest of the parties to conflict in the cost-benefit analysis. Therefore, the reserves could not be able to enhance the dialogue between Turkey and Cyprus.

Under such circumstances, the hydrocarbon issue is more likely to deepen the dispute between the conflicting parties than act as a catalyst for a resolution. Some journalists and analysts, who have analyzed the scenarios for the exportation of natural gas from Cyprus to markets outside the region, have described the gas as being "diplomatically trapped gas" or as "trapped by politics." In reality, on the other hand, the exportation of natural gas offshore Cyprus has not been constrained by inter-state politics but rather by the small size of the gas reserves (Shaffer 2014). In her policy brief, Shaffer (2014) mentions where the Cyprus gas<sup>50</sup> has its place within the other amounts in the global standards:

The volumes of natural gas resources found in the Eastern Mediterranean to date remain modest by global standards. Israel's natural gas reserves are: Tamar (10 trillion cubic feet – TCF, 283 billion cubic meters – BCM, proved reserves), Leviathan (18-19 TCF, 510-540 BCM, estimated reserves), and a number of small fields, together totaling about 3 TCF (85 BCM, estimated). The volumes of Cyprus's natural gas discovered so far are 3-5 TCF (80-140 BCM, estimated). The Gaza Marine field (offshore of the Gaza strip) holds 1 TCF (30 BCM, estimated) (2).

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<sup>50</sup> For more data on reserves see EIA, "Overview of oil and natural gas in the Eastern Mediterranean region," August 2013, p. 5., [http://www.eia.gov/beta/international/analysis\\_includes/regions\\_of\\_interest/Eastern\\_Mediterranean/eastern-mediterranean.pdf](http://www.eia.gov/beta/international/analysis_includes/regions_of_interest/Eastern_Mediterranean/eastern-mediterranean.pdf)

As stated in the PCC Report by PRIO Cyprus Centre (Gürel, Mullen and Tzimitras Scenarios 2013), the hydrocarbon discoveries so far in Cyprus and in Israel are comparatively small when considering the world's major gas producers, such as Iran, Russia and Qatar (see table 4 below for proven reserves). In other words, the overall volume of gas reserves in Aphrodite field is very low by global standards. The amount would not change dramatically even with the addition of Israeli gas. The quantity still remains below global standards when compared to the reserves of the world's major gas producers.

**Table 4: Proven Reserves**

Proven Reserves (a) as of 1 January 2011	Billion cubic metres	Billion cubic feet	World Ranking
<b>Top 5 Countries</b>			
Russia	44,800	1,582,094	1
Iran	29,610	1,045,665	2
Qatar	25,370	895,931	3
Saudi Arabia	7,807	275,701	4
United States	7,716	272,487	5
<b>Aegean, Eastern Med &amp; North Africa</b>			
Algeria	4,502	158,986	10
Egypt	2,186	77,198	17
Libya	1,548	54,667	22
Syria	241	8,500	43
Israel (b)	198	6,999	46
Tunisia	65	2,300	61
Turkey	6,2	218	87
Jordan	6,0	213	88
Greece	1,0	35	100
Lebanon	0,0	0	195
<b>Total World Reserves</b>	186,466	6,584,964	-
<b>Memorandum Items</b>			
Cyprus (not yet proven, source: Noble Energy estimate)	198	7,000	-
Cubic feet per cubic metres (source BP)	1,0	35,3	-
Cubic metres per cubic feet (source BP)	0,028	1	-
Source: CIA World FactBook unless otherwise indicated.			

Source: PCC Report 1/2013 by PRIO Cyprus Centre



According to data from the 2012 Eurogas Statistical report, the estimated natural gas reserves in Cyprus would not be able to supply more than six months of the yearly gas consumption of the EU. In other words; given the assumption that Cyprus would supply gas to the EU for twenty-five years<sup>51</sup>, the estimated hydrocarbon reserve in Block 12 would only be able to supply 2 percent of the EU27's requirements yearly (see table 2). This increases to 5 percent with the addition of Israeli gas (cited in Gürel, Mullen and Tzimitras 2013). The reserves, even with the addition of Israeli gas, are not enough for the construction of a possible pipeline connecting Israel, Cyprus and Turkey. In addition, the volume of gas is too low to make the pipeline option via Turkey to Europe commercially viable as the supply in Aphrodite is too low for European consumption. Furthermore, there cannot be any investment opportunity for that amount of gas for LNG.

**Table 5 Gross reserves as proportion of EU demand**

<b>Resources as proportion to EU demand</b>	
Annual EU27 primary gas consumption in 2011, bcm (source:	400
RoC estimated reserves in Block 12, bcm	198
Block 12 maximum annual production over 25 years, bcm	7.9
as percent of EU annual consumption	2.0
Israel's proven reserves, bcm	300
Israeli maximum annual production over 25 years, bcm	12
as percent of EU annual consumption	3.0
Israel & RoC maximum production as percent of EU annual	5.0
<b>Memorandum item</b>	
Turkey annual consumption in 2013, bcm	46
<b>Source: Eurogas statistical report 2012; Noble Energy, Israeli Ministry of Energy</b>	

Source: PCC Report 1/2013 by PRIO Cyprus Centre

<sup>51</sup> A typical period of gas supplies

According to Shaffer (2014), the hydrocarbon discoveries carry the potential of sustaining regional demand; however, the overall volumes of the reserves is rather low to meaningfully affect major export markets in Europe without finding additional reserves. Moreover, the possible monetary value is inadequate to counter the deep-rootedness of the Cyprus conflict. Although Shaffer (2014) argues the natural gas discoveries will have an important effect in the region itself, we would say the amount discovered so far is too low to be able to meet any demand in the larger EU market, or even in the regional markets. We agree with Shaffer that the possible monetary value from exploiting the gas that has currently been discovered so far is not enough to make the parties sit at the table and negotiate over the deep-rooted issues of the Cyprus conflict.

Throughout the thesis the pertinent, concrete and historical differences have been discussed. The Cyprus conflict has psychological, cultural and historical dimensions. Despite all of these, if the amount of natural gas would satisfy both conflicting parties and the international gas market, it may be possible to overcome these difficulties. However, the probability that the natural gas reserves offshore Cyprus may serve as a catalyst for conflict resolution or create far-reaching geopolitical effects is rather low unless substantially more resources are found. Hence, the volume of gas found in the Aphrodite field so far cannot be seen as a game changer due to two main reasons. Firstly, the quantity of gas in the Aphrodite field is too low to be able to meet any demand in the larger EU market, or even in the regional markets. Secondly, the possible monetary value is inadequate to counter the intractability, protractedness and the deep-rootedness of the Cyprus conflict.

What if the amount of gas reserves were higher? Two scenarios would be possible with a serious amount of gas. The critical condition for the monetization of the Cypriot gas is that enough gas is produced to supply Turkey as well as transit to Europe through Turkey over at least the medium term. One of the scenarios is that Turkey would resolve the Cyprus conflict and could provide a significant contribution to its energy security. In this scenario, a mid-sized amount of the gas would be present such as that of Shah Deniz, the main natural gas field in Azerbaijan, situated in the South Caspian Sea. It has around 2.5 trillion cubic meters of gas, approximately fourteen times more than the gas in the Aphrodite field. The amount of gas in the Shah Deniz field is commercially viable such that parties come together to negotiate how to monetize the natural gas in this field. In 2012, Turkey and Azerbaijan signed the agreement Trans-Anatolian Natural Gas Pipeline

intergovernmental Project (TANAP) which plans transportation of the Azeri gas to Europe via Turkey. The initial capacity of Shah Deniz II is expected to provide 16 billion cubic meters per year (bcma) of gas. The project is designed to provide large reserves of gas extracted in the Azerbaijan section of the Caspian Sea to Europe via Turkey. About 6 billion cubic meters will be delivered to Turkey; while the rest of the gas, about 10 billion cubic meters, will be delivered to Europe (Rzayeva 2015). The Prime Minister of the Turkish Republic at that time and current President of Turkey, Recep Tayyip Erdoğan, said "TANAP project will not only deepen the ties between our countries (Turkey-Azerbaijan), it will also create an organic link between Azerbaijan and Europe through Turkey" (Rzayeva, Gültekin Punsmann and Göknel 2012). If the amount of gas in Aphrodite were as much as Shah Deniz, Turkey and Cyprus could make an agreement on the gas as in the case between Turkey and Azerbaijan, which could also persuade parties to negotiate over the Cyprus conflict. Thus, one may infer that negotiation over energy supply is an important tool in bringing the parties together, and a commercially viable amount of gas which can satisfy both parties may serve as a peace catalyst.

The second scenario in the case of a higher amount of gas would be that Turkey would come to an agreement to try to ensure cheaper gas from Cyprus. However, it would be temporary; Cyprus's whole proven reserve would only satisfy three years of Turkey's demand for gas. If the gas in the Aphrodite field was as much as the gas in Shah Deniz II field, Turkey would search for solutions and the parties would sit at a table to negotiate. Turkey would probably negotiate with the RoC to solve the Cyprus conflict first because it would be better to enter this work with a united Cyprus. If the quantity of the gas was much higher like Shah Deniz II, the conflicting parties would try to reach a ground consensus for the economic benefits. The amount of proven reserves of the Aphrodite field, on the other hand, is not enough for either energy (gas) security or sustainable supply.

## CONCLUSION

The Cyprus conflict is a multi-layered issue; specifically, it has identity-based, objective-based and resource-based layers. In this study, Rothman's (2014) conflict typology has been utilized to analyze the layers of the Cyprus conflict. In the identity-based layer, the deep roots of the conflict has been examined to understand the underlying phenomena behind what is actually seen on the surface of the conflict. Meanwhile, the objective basis of the Cyprus conflict has been studied to comprehend what the conflicting parties seek. Then, the resource-based layer of the Rothman typology has been quite helpful in understanding the recent paradigm shift in the Cyprus conflict following the natural gas discovery offshore Cyprus. With this discovery, the nature of the conflict shifted from an inter-ethnic strife to a resource-based dispute between the Turkish and the Greek islanders even though the deep-seated ethnic nature of the conflict remained beneath the surface

The resource-based framing of the Cyprus conflict with current geopolitical dynamics has placed pipeline politics into the heart of the conflict due to the interdependence of the island's economic resources for both parties. Having noted that this new geopolitical dynamic is directly related with regional stability, and that stability is the end-product of elements beyond ethnic conflict, the independent variable in our equation has been the regional stability in the Eastern Mediterranean whereas the dependent variable has been the ethnic conflict between the Turkish and the Greek islanders. The different and changing dynamics in the Cyprus conflict have thus been conceptualized within this framework.

The historical analysis of the Cyprus conflict conducted in this thesis, then, has led to portrayal of several dynamics behind the conflict and enabled further analysis by utilizing conflict mapping tools. Conflict mapping has been necessary to better understand where to locate the new geopolitical dynamic in the Cyprus conflict. Looking into the dynamics behind the conflict has thus facilitated presenting a broad picture of the Cyprus conflict. Among the conflict dynamics observed, the natural gas discoveries appeared to be a potential game changer. The changing political and economic dynamics both in Cyprus and the Eastern Mediterranean have therefore been analyzed on the bases of reports on the natural gas in the Eastern Mediterranean, and the possible scenarios of monetizing the natural gas in Aphrodite field has been discussed.

The amount of hydrocarbon discovered so far in Cyprus and in Israel appears to be rather small compared to the reserves of the world's major gas suppliers, namely, Iran, Russia, and Qatar. Moreover, the estimated natural gas reserves in Cyprus would not be able to supply more than six months' worth of the yearly demand in the EU. Given the assumption that Cyprus would supply gas to the EU for twenty-five years, the estimated hydrocarbon reserve in Block 12 would only be able to supply 2 percent of the EU27's requirements yearly. This rate increases only to 5 percent with the addition of Israeli gas (Gürel, Mullen and Tzimitras 2013). The reserves, even with the addition of Israeli gas, is not enough for the construction of a possible pipeline connecting Israel, Cyprus and Turkey.

One of the conclusions of this thesis is that the quantity of the natural gas in the Aphrodite field is too low to enable the exportation of the gas via Turkey to Europe, even though it currently seems to be the most economically feasible scenario among all scenarios. Furthermore, the Liquefied Natural Gas (LNG) scenario would also require foreign investment due to the fragility of the island's economy following the recent economic crisis. It is possible to argue that foreign investors would be unwilling to invest since the amount of gas with respect to global standards is low and the geopolitical stability is frail. In other words, we have observed that the quantity of the gas in the Aphrodite field is too low for investment for the large EU market and in the regional markets. Because none of the parties who have a stake in this conflict can benefit economically in any scenario, they would not be willing to make a concession in order to make those scenarios possible.

To recap, the present study has found out that the amount of gas found in the Aphrodite field so far cannot be considered as a game changer due to two main reasons. Firstly, the overall quantity of the natural gas in Aphrodite field is too low to be able to meet the demand in the larger EU market, or even in the regional markets. This makes any scenario of exportation, and LNG or CNG infeasible. Secondly, the estimated monetary value is inadequate to counter the intractability, protractedness, and deep-rootedness of the Cyprus conflict. Since regional stability in the Eastern Mediterranean cannot be achieved with the natural gas reserves in the Aphrodite field, the ethnic conflict between the Turkish and the Greek islanders will continue to define the rules of the game unless the conflicting parties reach a mutually hurting stalemate.

It is still not clear what the future holds for the Cyprus conflict. Political actors have important roles in the resolution of the conflicts. Mustafa Akıncı, the current President and a secular social democrat politician who tends to pursue independent policies from Turkey, may choose the long path involving the resolution of the Cyprus conflict rather than quick political gains. His attitude towards the conflict shows that he may play a compromising role among the Cypriots for the good of all. The ideology of Akıncı and how he frames the issue are critical in this sense. A similar argument can be made regarding Nicos Anastasiades, the new President of the RoC, representing the Democratic Rally party. He may well share the outlook of Glafcos Clerides, President of the RoC between 1993 and 2003, also the founder of the Democratic Rally, a strong supporter of the Annan Plan in 2002. It seems that the cooperation between the Turkish and Greek Cypriots has begun to work better compared to the period before Akıncı's and Anastasiades' presidency. It is an extensive and complicated topic that requires further analysis which lies beyond the scope of this thesis.

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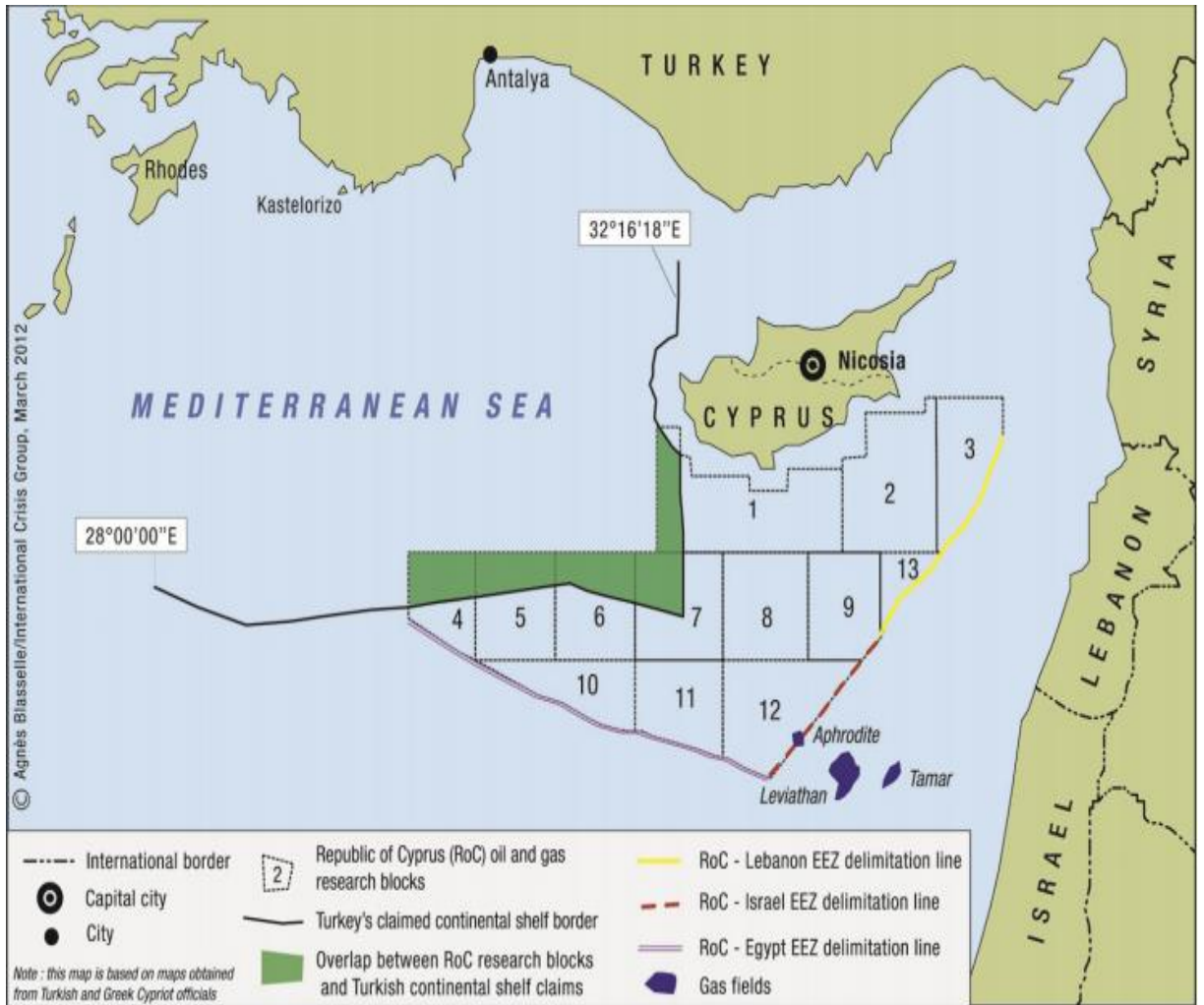
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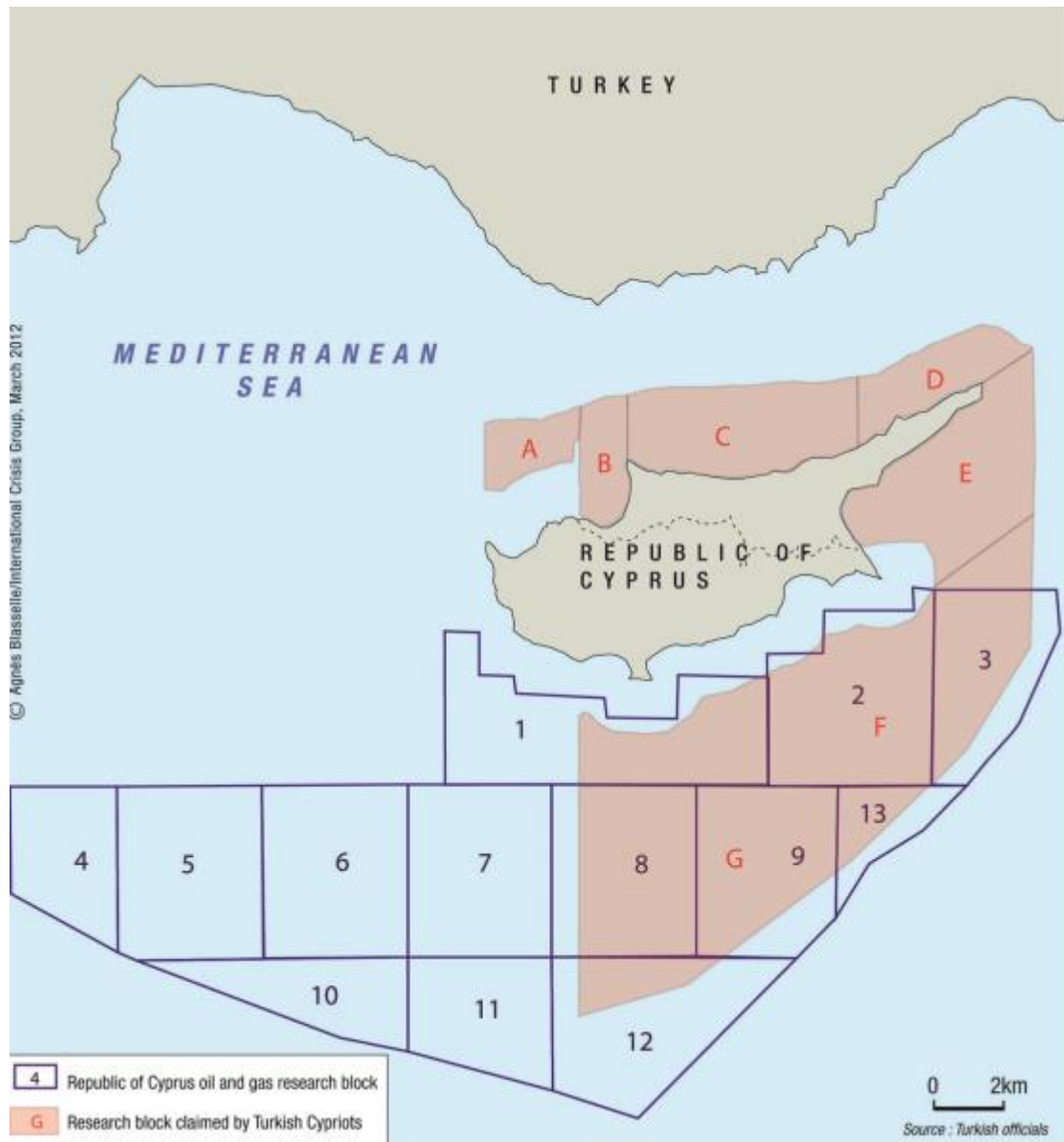
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**Appendix A: The Republic of Cyprus EEZ Delimitations and Hydrocarbon Research Blocks, and Turkey's Continental Shelf Claims**



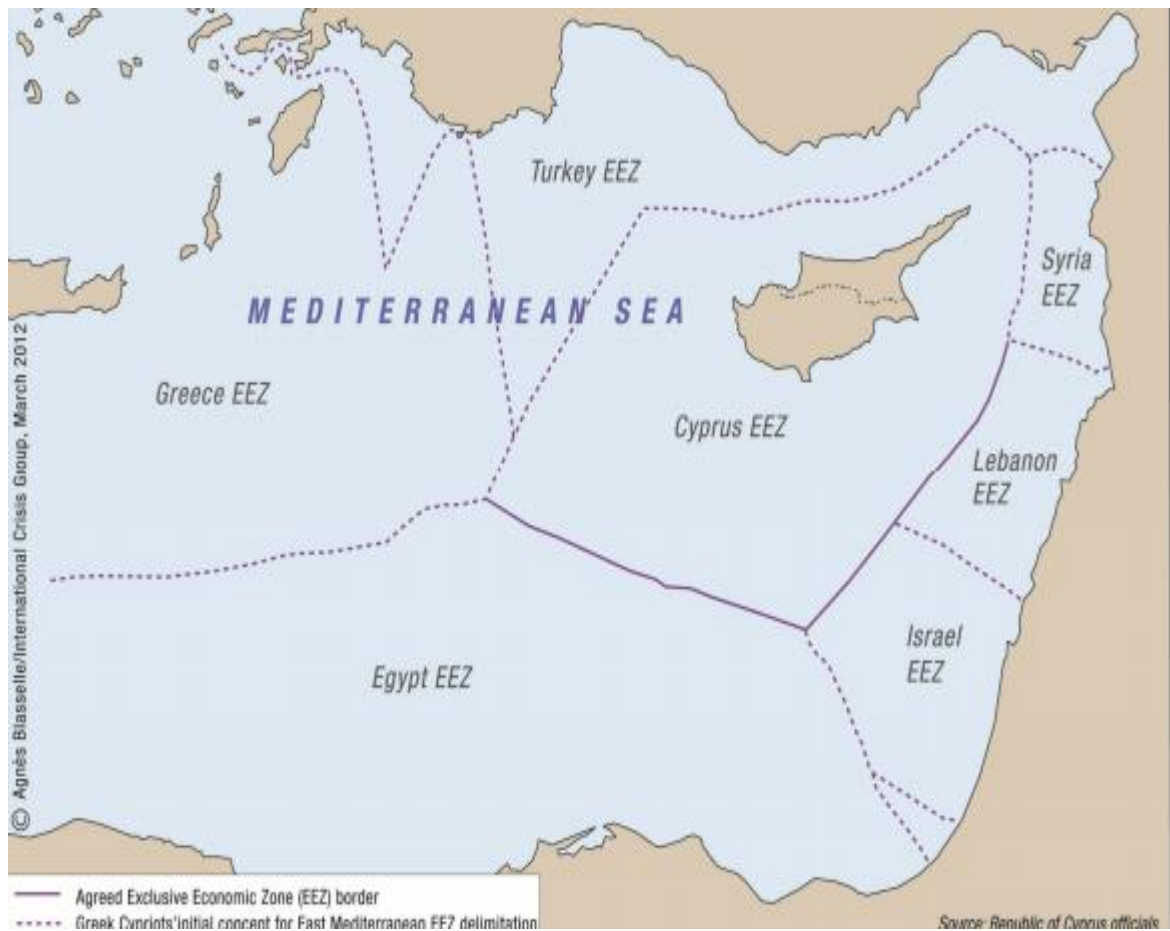
Source: International Crisis Group, 'Aphrodite's Gift: Can Cypriot Gas Power a New Dialogue? Europe Report no. 216 (April 2, 2012).

## Appendix B: The Turkish Cypriots' Claimed Hydrocarbon Research Blocks



Source: International Crisis Group, 'Aphrodite's Gift: Can Cypriot Gas Power a New Dialogue? Europe Report no. 216 (April 2, 2012).

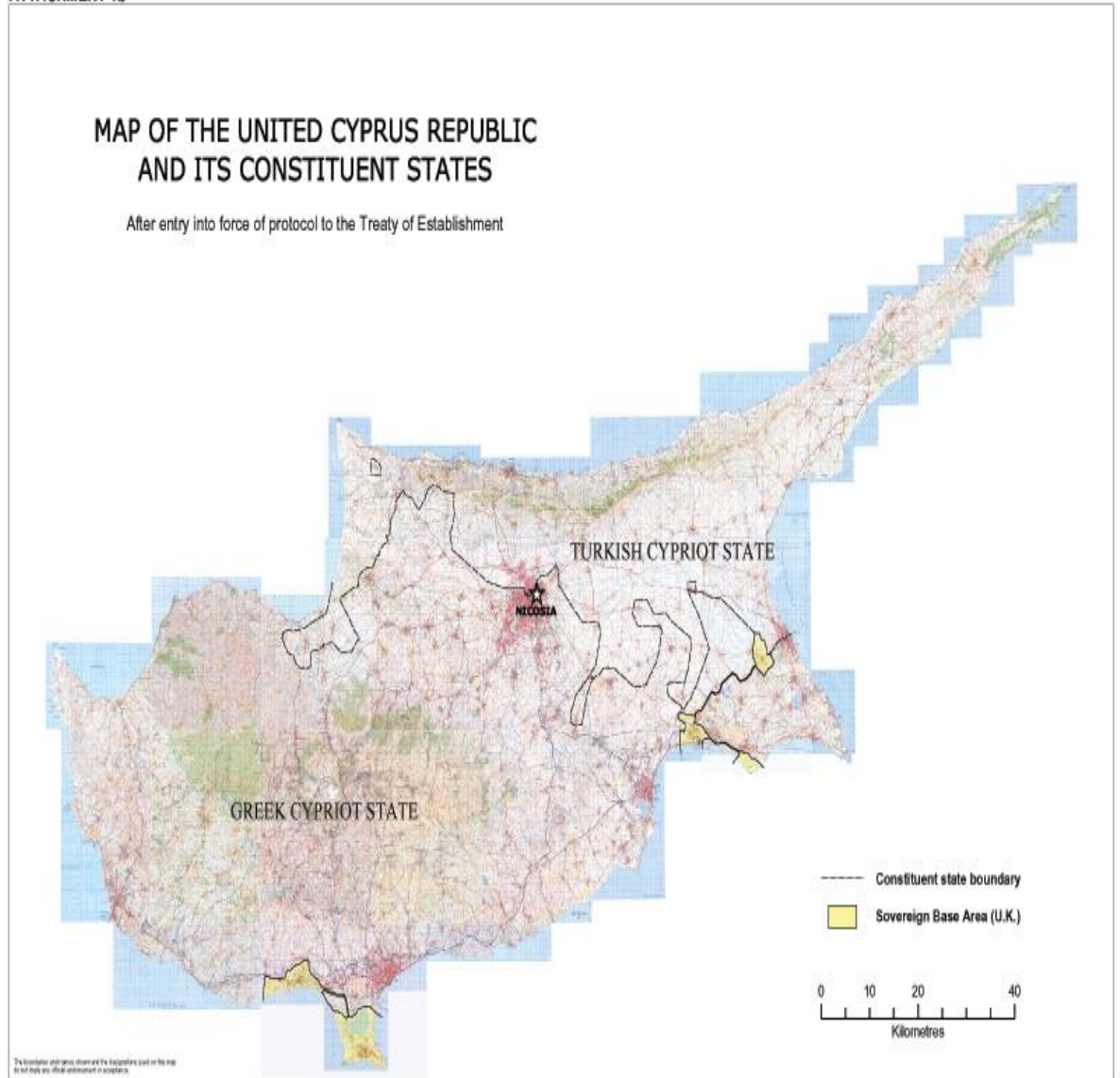
## Appendix C: The Initial Greek Cypriot Concept for East Mediterranean EEZ Delimitation



Source: International Crisis Group, 'Aphrodite's Gift: Can Cypriot Gas Power a New Dialogue?' Europe Report no. 216 (April 2, 2012).

## Appendix D: The Map of the United Cyprus Republic and Its Constituent States

ATTACHMENT 1b



March 2004