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Impact of the Cyprus Problem on CFSP and Regional Power Transition in Europe

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Paper prepared for presentation at the 2011 Annual Conference of the International Studies Association in Montreal, Canada. March 16-20.

Introduction

Mathematicians posited that a “butterfly effect”¹ might be present in complex interactions. Relationships between Power Transition in Europe, the future of European Union’s (EU) Common Foreign and Security Policy (CFSP), and protracted Cyprus conflict are examples of this phenomenon. On the one hand, findings from Power Transition analysis indicate significant shift in global and regional hierarchies where the EU is expected to fall behind its global competitors –namely China, the United States, and India (Tammen et al, 2000; Yesilada, Efir, and Noordijk 2006). On the other hand, closer this “rising threat of China” can be postponed by a deeper degree of cooperation between the US and US, which includes economic and security integration (i.e., EU-NATO partnership in CFSP). Yet, this desired deepening of security ties between Transatlantic Allies depends on how EU-Turkey relations evolve which, in turn, is partially held hostage by the Cyprus problem. All this represents nothing short of a big headache for policy makers of Western allies. Therefore, the implications of a continuation of the *status quo* in Cyprus go far beyond what most observers assume – Greek-Turkish relations. Settling the Cyprus problem might be desirable in and of itself, but analysis in this paper demonstrates that the unforeseen consequences of a failure to solve this problem goes far beyond its borders, affecting future of the EU in its competition with other world powers beyond 2050.

Global Power Transition and the Future of EU

Power Transition theory provides insight into rise and decline of states on global as well as regional hierarchies and the model utilized lets us estimate the probability of cooperation and conflict between any two countries in their respective hierarchies.² The model utilized is based on

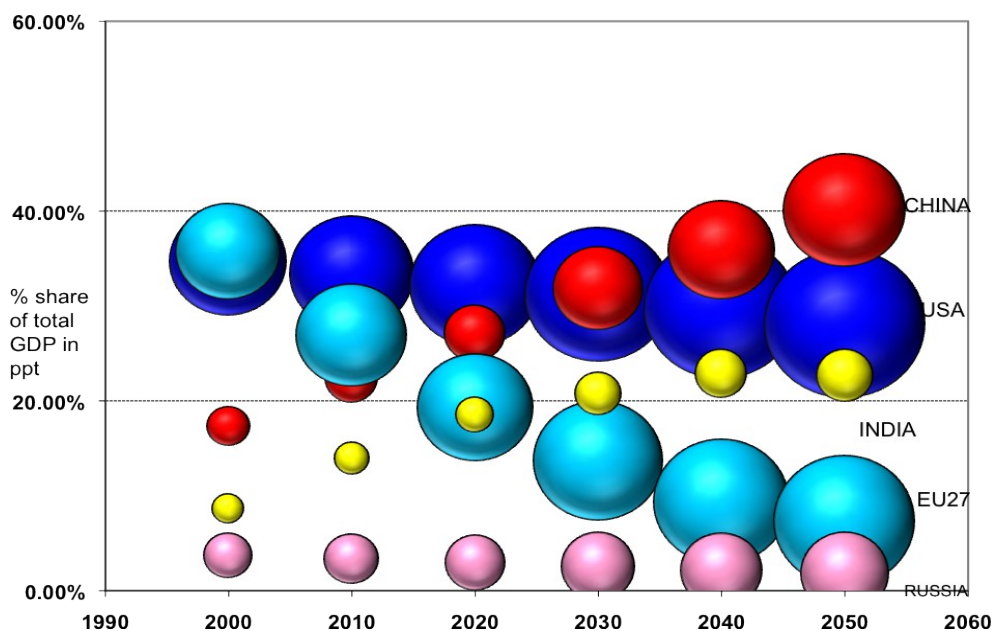
¹ The butterfly proposal originally comes from Edward Lorenz’s findings that even the tiny disturbance by a single butterfly might be enough to alter the patterns of weather all over the world. This phenomenon exemplifies the notion of sensitive dependence on initial conditions in a dynamic system. In other words, small changes of the original condition may produce unpredictably large variations in the long term outcome.

² For further reading on Power Transition see A.F.K. Organski, *World Politics*, 1st edition. (New York: Alfred A. Knopf, 1958), A.F.K. Organski and Jacek Kugler. *The War Ledger*. (Chicago: University of Chicago Press, 1980) and Ron Tammen, et al. *Power Transitions: Strategies for the 21st Century, Revised Chinese edition*. Chatham: Chatham House (now

A.F.K. Organski’s work in world politics. Brian Efird and Gaspare Genna (2003) extended the theory and argued that the development of regional integration after a power transition between two satisfied powers improves because the formerly less powerful country has a vital interest in not only maintaining but also furthering and institutionalizing the arrangements that it believes to have contributed to its rise.

When examined from a power transition perspective, competition between the EU, China, India (in 20-30 years), and the US does not look favorably for the Europeans. Figure 1 show simulation results for power transition in the first half of the 21st Century and is an updated analysis of previous study by Yesilada, Efird, and Noordijk. The position of the bubble in this figure represents share of system productivity for each major power (the Y-axis) against time (the X-axis). The size of each bubbles as represents “Productivity per capita” measured in purchasing power parity.

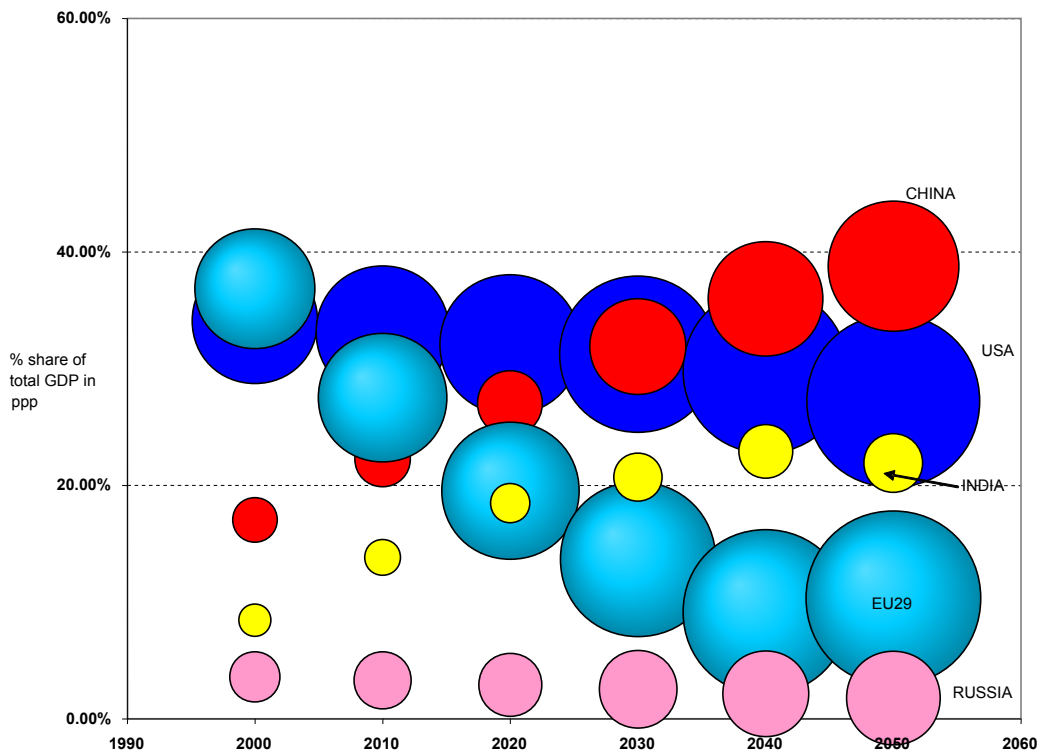
Figure 1: Forecasting GDP Shares and GDP Per Capita for Global Competitors: 2000-2050
 (The size of the bubble represents per capita productivity measured in purchasing power parity [ppp])



C.Q. Press, 2004).

As these results demonstrate, recent enlargement of the EU is not likely to reverse its decline on global hierarchy even though the Europeans will maintain significant advantage over China and India in terms of per capita productivity. In an attempt to test how Turkey’s potential membership would affect this picture, the above simulation is repeated with Turkey included as a EU member in 2020. Moreover, Croatia is also added to simply reflect expected membership of this country in 2012 although its economic impact on EU’s competitiveness is not expected to be significant. Results are shown in Figure 2.

Figure 2: Forecasting GDP Shares and GDP Per Capita for EU plus Turkey versus Global Competitors



In the scenario where Turkey joins the EU, its contribution becomes apparent by 2040, and the decline in the EU's share of global gross domestic product (GDP) levels off at around 10 percent and begins to show a slow increase. Implications of these results for integration, future enlargement, and policy making are clear. Based on these observations, it is clear that it is in EU's interest to include Turkey among its ranks if the European leaders want to position the Union in a favorable position for future competitiveness with China, India, and the United States.

Another dimension of Power Transition analysis is how well the model predicts probability of conflict or cooperation/integration between two states.³ The

³ Efird (2000, Efird et.al. 2002) argued that the following relationship captures the dynamics of the possibilities for conflict and cooperation in the international system:

$$CI = RP - S (RP^3) + H_c + H_D$$

Where;

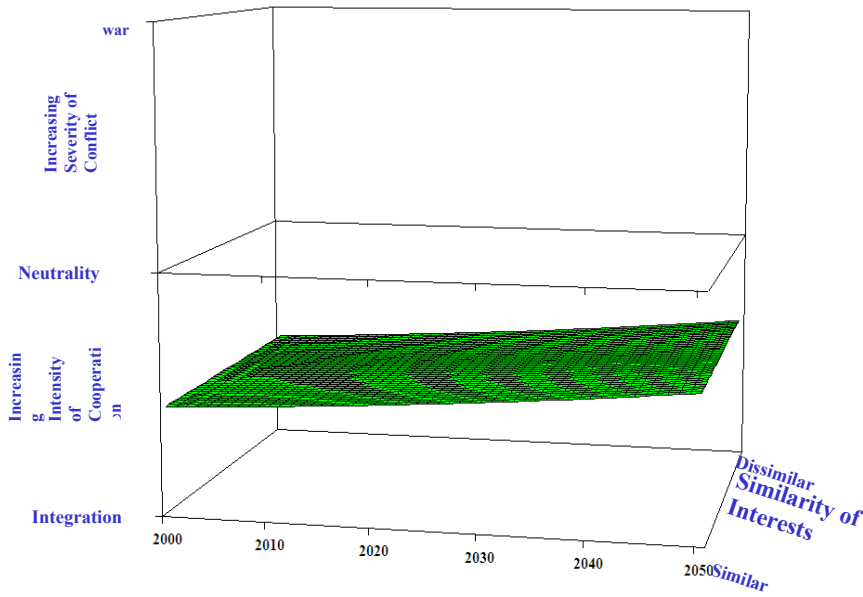
CI = Conflict - Integration
 RP = Relative Power
 S = Status Quo
 Hc = Hierarchy of Challenger
 Hd = Hierarchy of Defender

Equation represents a dominated hierarchy where satisfaction prevails and a uniform hierarchy where anarchy prevails. First when relative power is at parity the severity of conflict is maximized because both sides anticipate an equal probability of success. Formal work on the median voter theory indicates that this insight is consistent with rational expectations. Indeed, as Black anticipated, when two candidates with opposing points of view enter an election they will attempt to reach the median first-- assuring them of victory. Contested elections are those where the outcome is unclear - i.e. the last two Presidential elections in the US. Moreover, when parity is approached and policy differences are fundamental, tempers flare and electoral conflicts escalate to direct confrontations. The same process takes place in world politics. When nations are satisfied with international norms ($S > 0$) the cubed RP term shifts the highest propensity for conflict past the parity point. Thus, greater asymmetry improves the likelihood of cooperation assuming that the dyad is at least somewhat jointly satisfied, especially when dyads are highly asymmetric. Further, Organski and Kugler (1980:59) found that the dissatisfied challenger initiates conflict in the post-transition period pointing to a cubed RP term. Such results proved again to be consistent with later formal proofs. Kugler and Zagare (1986), Bueno de Mesquita and Lalman (1992), Alsharabati (1997) show game theoretically that the defender does not preempt at preponderance because it values the *status quo* and prefers to postpone action. On the other hand, the dissatisfied challenger is willing to wage war since the highest likelihood of success is anticipated after the transition point. The relationship between power and satisfaction is also consistent with expectations. The more dissatisfied the challenger the more likely that war will occur during a power transition. At the extreme, when nations are completely dissatisfied (when $S = 0$), the challenger desire to initiate conflict increases with every improvement in relative power and maximizes just past parity. Thus, the increasing likelihood of capitalizing on the growing opportunity to redress grievances imposed by the defender is accelerated by anticipation of changes in relative power. Conflict can take place under asymmetry - as the Al Qaeda attack indicates - but the severity of such conflict will be limited. The interactive term allows a differentiation between the probability of conflict and the severity of such an encounter and allows us to reconcile some seemingly important discrepancies. The model accounts for the

simulation results for EU-Turkey relations, shown in Figure 3, indicate no conflict is likely in this dyad. However, the results also hint at that this relationship will gradually move from its current integration level to more of a neutral one in foreseeable future. This is consistent with current reality. Turkey and the EU already have a customs union agreement with increasing bilateral trade and investment between their economies. Therefore, it is highly probable that integration based on CU will proceed forward but further deepening of integration (i.e. moving to a Common Market or Economic and Monetary Union) would not be in the picture given the nature of worsening relations between the two parties.

Figure 3: Forecasting Conflict-Cooperation for EU-Turkey, 2000-2050

seeming contradiction that the Seven Weeks' War between Austria and Prussia occurred at parity when both nations were *satisfied* (Bueno de Mesquita and Lalman 1992). The equation shows that the probability of conflict under parity is high, thus the conflict, but the structural constraints imposed by satisfaction kept the severity of that war limited. Thus, like in elections, two satisfied nations may wage a war of low severity, but under similar circumstances two dissatisfied nations will wage total war.



Despite these result and personal desire of some European leaders to put a wide distance between the EU and Turkey, this country's pivotal role in determining the future competition between global giants remains valid.

Power Transition and CFSP

Whereas the importance of closer economic integration between the EU and Turkey is obvious from power transition perspective, implication of Turkish membership for CFSP and Transatlantic partnership is often overlooked. Since Cyprus joined the EU, the Cyprus problem became an added obstacle in achieving an optimum solution for EU-NATO partnership. Of course, prior to Cyprus's membership this partnership became hostage of EU-Turkey membership deliberations - each time an EU member state raised objections to Turkey's candidacy or now membership, Turkey in turn showed its veto power in NATO

over EU's access to the Alliance's integrated infrastructure.

4

Significance of NATO for CFSP

EU's CFSP is a crucial achievement for regional integration for it demonstrates to the world that the Union is not a mere economic enterprise and aims to place Europe as a global power in every respect of that term. According to Wolfgang Wessels and Franziska Bopp (2008:1):

The provisions for CFSP and, increasingly also the Common Security and Defence Policy (CSDP), can be regarded as the cornerstone of the Lisbon Treaty. Furthermore, the challenges the Union faces within the international system are ever growing and requiring an ever-increasing scope of action across different policy fields, geographical regions and arenas of policy-making. This makes the policy field a very relevant, although sometimes diffusing research area as three types of foreign interactions intertwine: traditional national foreign policy, the foreign policy of the EU as prescribed in the treaty articles on CFSP and CSDP, and the EC external relations, which concentrate on long-standing and mostly economic foreign relations and development policy.

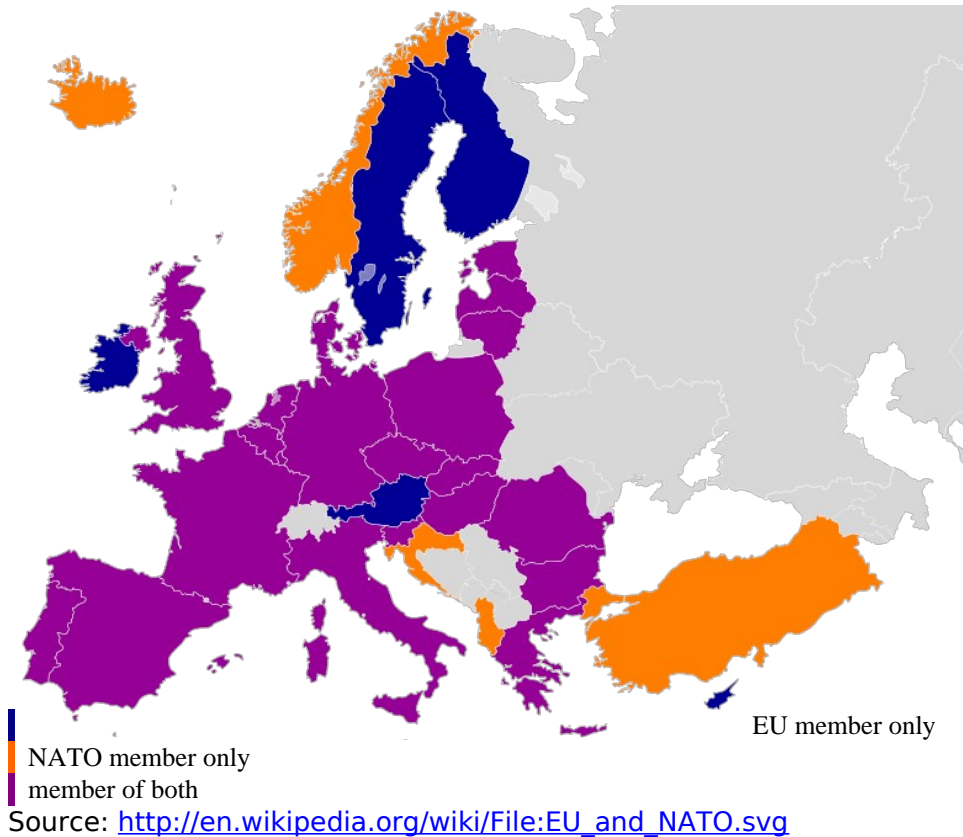
As a result of the Lisbon Treaty, CFSP became embedded in a whole range of other EU policies that have implications for external action by member states. Lisbon Treaty elevated European Security and Defense Policy (ESDP) to a Common Security and Defense Policy (CSDP, while still being within CFSP) and made it clear that this change indicates a greater willingness by member states to develop a "military arm" of the EU – yet without a greater

⁴ There are numerous works written about ESDP-Turkey relations within the context of Atlantic relations as well as regional stability in the Eastern Mediterranean/Greater Middle East. For example see Josef Alt, "The Future of the European Security and Defence Policy," (Maxwell, AL: Research Report Air Command and Staff College, 2006), Mahmut Aykan "Turkey and European Security and Defence Identity/Policy (ESDI/P): A Turkish View." *Journal of Contemporary European studies*, Vol. Volume 13, Issue 3, (2005): 335 - 359; Hüseyin Bağcı, "Türkiye ve AGSK: Beklentiler, Endişeler," [Turkey and ESDP] in İdris. Bal, ed., *Yüzyılın Eşiğinde Türk Dış Politikası* {Turkish Foreign Policy at the Start of the 21st Century} (Istanbul: Alfa Basım, 2001); Katinka Barysch, "Turkey's Role in European Energy Security," *Center for European Security Essay*, (December, 2007); Atila Eralp, "European Security and Turkey," *Private View*, Vol. 9, (Spring 2000); 52-55; Giovanni Gasparini, ed., *Turkey and European Security*, (Rome: Istituto Affari Internazionali for IAI-TESEV Report, 2007); Charles Grant, *Europe's Blurred Boundaries: Rethinking enlargement and neighborhood policy*, (London: Center for European Reform, 2006); Charles Grant, "Turkey offers EU more punch," *Center for European Reform Comment and Analysis*, (Published by European Voice, September, 1-7, 2005); Kemal Kirişçi, *Turkey's foreign policy in turbulent times*, Chaillot Paper no. 92 (Paris: Institute for Security Studies, 2006); and Çınar Özen, "ESDP-NATO Relations: Considerations on the Future of European Security Architecture," *The Turkish Yearbook of International Affairs*, Vol XXXIII, (2002):231-255.

push for a more a supranational approach. Reference to partnership with NATO as the foundation of member states' security policy (for those who are members of NATO) is proof of intergovernmentalist approach to CSDP. This is apparent in upholding of Article 17 of the Treaty of the European Union by the Lisbon Treaty (ToL, Art. 28A, par. 2) reasserting "progressive framing of a common Union defense policy will lead to a common defense, when the European Council, acting unanimously, so decides." While CFSP remains intergovernmental in nature, some member states like France see it as a way of setting up EU as a superpower to balance the power of the United States. However, many other members like the United Kingdom see it as a way to improve partnership between the EU and US in a mutually beneficial cooperation and support in security affairs. What is clear from recent developments is that the CFSP sees NATO for being responsible for territorial defense of active in the latter policy area with its "soft power" and security related training missions. The EU has sent peacekeeping missions to several of the world's trouble spots. In August 2008, the EU brokered a ceasefire to end fighting between Georgia and Russia and deployed EU observers to monitor the situation. It provided humanitarian aid to people displaced by the fighting and organized an international donor conference for Georgia. The EU also has a leading role in the Balkans, where it is funding assistance projects in seven countries to help them build stable societies. In Kosovo, the EU deployed a 1,900-strong justice and police force in December 2008 to help ensure law and order. In most, if not all, of these operations EU relied on assistance of NATO in one way or another. Thus, the phrase "separable, but not separate" describes the current partnership between CSDP and NATO.⁵ Since the enlargement of NATO and the European Union in 2004 and the accession of Bulgaria and Romania to the European Union in 2007, the organizations have 21 member countries in common (See Map 1).

Map 1: EU-NATO Countries

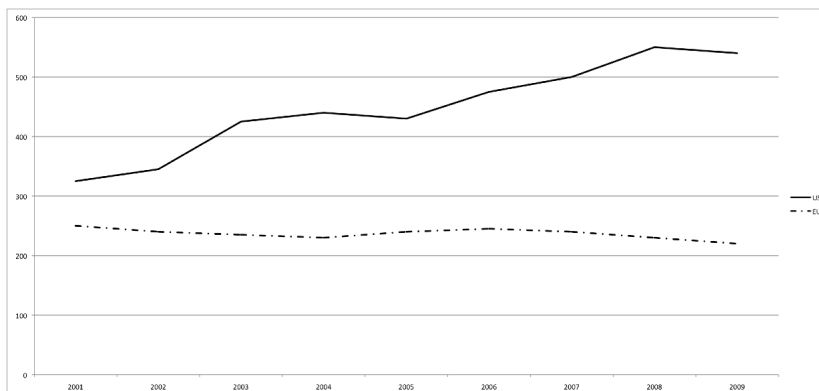
⁵ For a thorough discussion of this formulation see CDI Military Reform Project of the EU at <http://www.cdi.org/mrp/eu.cfm>).



It is not surprising that the current partnership framework heavily relies on NATO capabilities, more precisely on U.S.’s heavy lift aircraft and advanced spy satellites, in advancing CSDP of the Union.

The reliance of CFSP on the U.S. becomes more clear when one considers future defense expenditures of these Allies. According to a report by the *Financial Times* (November 17, 2010:9), EU suffers not only from declining defense expenditures but also from heavy over duplication of its members’ defense infrastructure. Figure 4 shows defense expenditures for EU and US during 2001-2009.

Figure 4: EU-US Defense Expenditures
(€billion, real 2009 prices)



source: *Financial Times* (November 17, 2010).

The observed trend is likely to get worse when one considers planned defense budget cuts among NATO's leading EU members: Britain by 8 percent between now and 2015, Germany will reduce its current €31b defense budget by €8.3b by 2014, Spain by 7 percent in response to its current budget deficit (*Financial Times*, November 17, 2010:9). Moreover, EU members duplicate their defense industries to such an extent that collective efficiency is nonexistent. Strong intergovernmental approach to CFSP and CSDP assures that each member state continues to maintain national defense industries rather than figuring out which country should specialize in manufacturing of which weapons systems. Thus, when compared to the U.S. the Europeans look pretty inefficient to say the least. Currently the EU has 21 naval shipyards compared to 3 in the US; 89 different European weapons programs as opposed to 27 American systems; Europe has 11 different tank productions while the U.S. has two (*ibid.*). This picture clearly shows that whereas CSDP is the ideal, reality on the ground is anything but "European." The bottom line is that until EU members formulate an integrated and optimized defense industries, their expenditures in this area will continue to be inefficient and present an obstacle in developing costly systems, i.e., heavy lift capability aircraft, that would reduce Europe's dependence on Americans.

EU could significantly bolster its defense capabilities if Turkey were to become a member of the Union. However, given all the current problems surrounding this topic, how could Transatlantic Allies find a compromise position? In other words, would it be possible or acceptable to bring Turkey into the ESDP prior to full membership in the EU? As Ceyhun Dođru (2009: 60) explains:

"With regard to military arm of the EU, Turkey's significant input is important due to its military capabilities and military bases. Turkey has the second largest army of NATO (after the US) and ranks fifth in

terms of naval forces. The stability of the region where Turkey is located is of vital importance to European security considerations. Moreover, its former and ongoing contributions to ESDP operations as well as those of NATO and the UN demonstrate the political will to take part in international peace and security endeavors. Despite knowing the fact that Turkey would never enjoy a full say in the EU concerning ESDP operations, it endorses those activities to the extent possible. Turkey is the biggest contributor as a non-EU country - and even bigger than some EU members - to ESDP operations and supports further security cooperation in order to assume stability in the region. Employment of logistic and material capabilities of Turkey will be in the interest of Europe. Bigger Turkish contribution could be approved by full implementation of already existing mechanisms."

An additional contribution of Turkey's membership to CSDP concerns EU's energy security and regional stability in the area stretching from the Eastern Mediterranean to the Caspian basin. The latter topic will be covered in more detail in the following Chapter when benefits and challenges of membership for Turkey will be analyzed. For EU's energy security it can be said that, once more, Turkey's location presents a major factor as it is a transit country for energy networks including the Baku-Ceyhan pipeline and the Nabucco pipeline. As the Independent Commission on Turkey (2004: 19) reports:

"The construction of the Baku-Ceyhan oil pipeline [and future Nabucco pipeline], following the emergence of the Caspian basin as one of the world's largest sources of oil and natural gas highlights Turkey's role as a key transit country for energy supplies. Moreover, Turkey's geopolitical position and close links with tens of millions of Turkic people in neighbouring countries could help secure European access to the enormous wealth of resources in Central Asia and regions of Siberia, making Turkey a vital factor for Europe's security of energy supplies coming from the Middle East, the Caspian Sea and Russia. In this context, Turkey's decisive importance for the water supply of neighbouring countries in the Middle East would be of considerable additional value."

These pipelines represent a policy response to EU's energy dependence on Russia and go a long way in diversifying energy imports of the Union. The Nabucco project represents a new gas pipeline connecting the Caspian region, Middle East and Egypt via Turkey, Bulgaria, Romania, and Hungary with Austria and further on with the

Central and Western European gas markets – to reduce EU’s dependence on Russian oil and gas. The pipeline length is approximately 3,300 km, starting at the Georgian/Turkish and/or Iranian/Turkish border respectively, leading to Baumgarten in Austria. In this respect it has to be taken into account that a reasonable amount of the gas volumes, reaching Baumgarten, have to be further transported through Austria to the Central and Western European Countries. According to market studies the pipeline has been designed to transport a maximum amount of 31 bcm/year. Estimated investment costs, including financing costs, for a complete new pipeline system amount to approximately €7.9 billion. The project is developed by the Nabucco Gas Pipeline International GmbH. The shareholders of the company are: OMV (Austria), MOL (Hungary), Transgaz (Romania), Bulgargaz (Bulgaria), BOTAŞ (Turkey), and RWE (Germany) each having 16.67 percent of the shares.¹ Recently, The United Arab Emirates' Crescent petroleum, and Austria's OMV and Hungary's MOL , formed a consortium to pump over 3 billion cubic feet per day of gas from Iraq's Kurdistan region via the Nabucco pipeline project to supply Europe (<http://www.nabucco-pipeline.com/company/shareholders7/table-of-content-shareholder.html>).

Turkey’s geopolitics is also important for future success of EU’s neighborhood policy (ENP) in the Caucasus. Recent conflict between Georgia and Russia showed how volatile this region remains. When one also considers the stalemate between Armenia and Azerbaijan over Nagorno-Karabakh, the need for further cooperation between EU, Russia, and Turkey becomes all the more important. Regional stability and Turkey’s role in the Caucasus will be discussed in the next chapter but it is important to note the policies of the EU in this region that stand to benefit from Turkey’s full partnership. The ENP aims to bring EU’s new neighbors closer to the Union through economic and political cooperation and covers the Mediterranean Basin, Eastern Europe and the Caucasus. Armenia, Azerbaijan, and Georgia are included in the program. Furthermore, the EU maintains a monitoring force in Georgia following this country’s war with Russia. This has been the fastest deployment of a mission; the EU has ever done in its history.

All of these factors show how smooth functioning of EU-NATO partnership is essential for success of CSDP. In that regard, Turkey's membership would significantly improve EU's policy objectives. First, Turkey will strengthen CSDP with its considerable military capabilities and improve partnership with NATO. Second, given the fact that Turkey serves as an energy corridor for Europe for carrying oil and natural gas from the Caspian Sea basin and Central Asia, its membership could also strengthen EU's energy security. And third, Turkey's membership will go long way in settling Greek-Turkish problems – including Cyprus. Yet, despite all the above mentioned realities full partnership between EU-Turkey in defense matters, and thus between CSDP-NATO, remain unattainable due to interlocking of at least four issues: (1) Cyprus problem and how Greek Cypriots try to hold Turkey hostage in this country's accession talks; (2) Opposition of some EU member states to Turkey's membership in the EU as well as in CSDP; (3) Turkey's retaliation to these by asserting its veto over Cyprus's participation in NATO's Partnership for Peace (PfP) and NATO's decision-making mechanism; and (4) Turkey's demand for EU to deliver its promises to Turkish Cypriots following their vote for the 2004 Annan Peace Plan.⁶ The

⁶ UN Secretary General Kofi Annan called upon the international community to eliminate economic restrictions and barriers on the Turkish Cypriots and this was echoed by former U.S. Secretary of State Colin Powell and EU Commissioner Verheugen, British Prime Minister Tony Blair, and the EU Council of Ministers (prior to enlargement) (International Crisis Group, 2006:12). Several reasons stood behind this call. First, the international community felt obligated to compensate the Turkish Cypriots, who despite their positive vote, would be excluded from the benefits of EU accession. Second, as noted by the International Crisis Group (ibid) "since the Turkish Cypriot unilateral declaration of independence in 1983, the international community has adhered to UN Security Council Resolutions 541 (1983) and 550 (1984), which called upon states not to assist the secession of northern Cyprus. Normalising the economic situation in the north was viewed as a form of assistance to secession." As far as Kofi Annan was concerned, the Turkish Cypriots' vote for reunification invalidated the political logic of isolation. And third, lifting the isolation was viewed as a catalyst for reunification as it would initiate economic development of the north and bridge the gap between the two sides. In the UN Security Council, Annan's Cyprus report met Russian opposition and never reached a full hearing. In the EU, the situation was even more precarious. Prior to the referendum, EU officials promised to reward the Turkish Cypriots if they voted in favor of the Annan Plan. Following the Greek Cypriots' rejection, Enlargement Commissioner Gunter Verheugen went even further and presented a scathing criticism of President Papadopoulos for hijacking the EU process and for wanting to use the EU membership to pressure the Turkish side to cave in to Greek Cypriot wishes. Similar statements followed from the president of the European Parliament. In an attempt to reward the Turkish side for its endorsement of the Annan Plan, the Brussels Commission prepared a policy package that would have established direct trade between north Cyprus and EU markets and also provided for 249 million euros in direct aid. Verheugen argued that "I am making a serious call on our member states to make a decision to stick to their promises [to the Turkish Cypriots]," adding that the European Commission had done, and was willing to do, everything it could to back the Turkish Cypriots (Bahceli, September 14, 2004). Despite such good will, the efforts of the Commission failed in both tasks as the Council of Ministers ruled that the plans violated existing EU regulations since north Cyprus could not be viewed as separate legal territory from member state Cyprus. Therefore, all EU linkages to the Turkish side of the island would have to go through the official

challenge for policy makers is how to delink these matters and overcome the problems.

As a result of these challenges, Turkey is excluded from full participation in CFSP/CSDP, which in turn, demonstrates its trump card in EU-NATO partnership. The nature of this problem, however, is not something that emerged since Cyprus's membership in the EU in 2004. The problem emerged at the time when EU moved to implement "Berlin Plus" arrangements, which received support from the United States, that called for NATO to provide equipment and intelligence for the European-only missions as long as the former did not undermine the Atlantic alliance by creating its own bureaucracy and independent capabilities (*Economist*, December 9, 2000, p. 56). This was in line with

government of Cyprus – which the Turkish Cypriots object. Despite its good intentions aimed at rewarding Turkish Cypriots, the EU met legal and administrative obstacles in its efforts. The initial plan of Verhuegen was to find a formula for providing direct economic aid and establishing direct trade with the North. The proposed plan would have permitted tariff free trade between the EU and north Cyprus (for goods wholly or substantially produced in the north). In order to accomplish this goal, the Commission argued that the existing problem of "origin certificates," which the Greek Cypriots successfully argued in the ECJ decision of 1994, could be overcome by recognizing certificates issued by the Turkish Cypriot Chamber of Commerce since this institution was established under the 1960 arrangement that created the Republic of Cyprus. The Commission based its argument behind Article 133 of the EU Treaty that regulates trade with third parties (territories) and is also used to regulate trade with territories that are part of an EU member state but are not included in its customs territory, such as Ceuta and Melilla (*Ibid*). They had hoped to argue that, in lieu of referendum results and the Council's call for ending economic isolation of Turkish Cypriots, north Cyprus presented such a territory. However, the Greek Cypriots argued that the regulation fell under Protocol 10 of the Accession Treaty (which addressed the particulars of the Cyprus problem and its linkage to accession). As the Protocol stipulates, partial lifting of the suspension of the *acquis* to the north requires unanimity in the Council. The legal office of the Council supported this interpretation. The outcome of these interpretations has been devastating to the original intent of the Commission. Gradually, those members of the EU that wanted to see through the Commission's goal one by one withdrew their efforts and accepted the legal impasse. The Luxembourg, UK, and German presidencies pushed very hard to break Cyprus's opposition to the plan. In each case, they met Greek Cypriot veto and decided to separate economic aid package from direct trade/air link with the north. The Greek Cypriots even won a cheap victory in the aid package by demanding "the passage of the aid regulation be tied to a more restrictive interpretation by the Commission of the trade regulation's likely remit. When a draft of the Commission's proposed explanatory text reached the Turkish Cypriots, they declared it unacceptable, and the process again collapsed, this time with the loss of €120m of the €259m package thanks to the ending of the 2005 financial year. The aid regulation was eventually passed on 27 February 2006, with no explanatory declaration attached." (*Ibid*: 13). With success in this area, the Greek Cypriots moved diligently to block many other attempts of Turkish Cypriots with EU institutions that included exclusion of universities of north Cyprus from participating in the Erasmus program (Turkish Cypriot dailies). In a similar fashion, an air link between north Cyprus and the rest of the world (except Turkey) cannot be established as long as international conventions and the UN view Greek Cypriot government as the legitimate representative of Cyprus. Short of the UN Security Council's future resolution that would lift economic isolation of the north, direct air flights to airports in TRNC cannot be established. Thus, EU countries have been gun shy in taking steps to establish such air links with the north. The above situation creates a major embarrassment for the EU as it finds itself in a quandary. On the one hand, it wants to fulfil its promise to Turkish Cypriots. On the other hand, it finds its hands tied by legal issues and Greek Cypriot (and probably Greece) veto. In the meantime, the EU principles of fairness and justice remain unfulfilled as far as Turkish Cypriots and their supporters in the EU are concerned.

EU's deepening of regional integration in matters that fell outside the typical economic affairs. At that time, Turkey being left out of the accession talks at the Nice summit, feared that anything short of being included in the CSDI decision-making mechanism (even when NATO troops are not needed) would simply result in Turkey becoming further distanced from Europe. At the NATO foreign ministers' meeting in Brussels on December 14, 2000, Turkey refused to give the EU, which it is trying to join, assured access to NATO's planning skills for missions in which NATO as a whole is not involved.

The solution to the Turkish veto emerged, known as the Ankara Agreement, after an extensive British campaign, in which Turkey received assurances from NATO that the new EU force would not be used against Turkey's geographic and security interests. The new agreement required EU approval, but before it got to the next stage ran into a Greek objection at the Seville summit in June 2002. The matter was settled at the December 2002 summit in Copenhagen where the EU and NATO agreed to "effective mutual consultation, equality and due regard for the decision-making autonomy of the EU and NATO, respect for the interests of the EU and NATO members states, respect for the principles of the Charter of the United Nations, coherent, transparent and mutually reinforcing development of the military capability requirements common to the two organizations" (NATO, <http://www.nato.int/issues/nato-eu/policy.html>). Following this political decision of the leaders, the two sides adopted the "Berlin Plus" arrangements of March 17, 2003, which provide the basis for NATO-EU cooperation in crisis management by allowing EU access to NATO's collective assets and capabilities for EU-led operations. These arrangements allow NATO to support EU-led operations in which the alliance as a whole might not be involved. The specifics of the Berlin Plus arrangements include the following:

1. NATO-EU Security Agreement (covers the exchange of classified information under reciprocal security protection rules);
2. Assured EU access to NATO's planning capabilities for actual use in the military planning of EU-led crisis management operations;
3. Presumed availability of NATO capabilities and common assets, such as communication units and

- headquarters for EU-led crisis management operations;
4. Procedures for release, monitoring, return, and recall of NATO assets and capabilities;
 5. Terms of reference for NATO's Deputy SACEUR—who in principle will be the operation commander of an EU-led operation under the "Berlin Plus" arrangements (and who is always a European)—and European command options for NATO;
 6. NATO-EU consultation arrangements in the context of an EU-led crisis management operation making use of NATO assets and capabilities;
 7. Incorporation within NATO's long-established defense planning system, of the military needs and capabilities that may be required for EU-led military operations, thereby ensuring the availability of well-equipped forces trained for either NATO-led or EU-led operations. (Ibid.)

With the above agreements, the EU-NATO partnership entered a new chapter of full cooperation that can address security challenges on the EU's periphery. However, as soon as this agreement was reached, new challenges emerged that would test the partnership. France tried to negate Berlin Plus in a couple of ways. First, the French tried to create a separate military headquarters even though the agreement allowed access to NATO's command structure. Second, France initiated an ESDP (CSDP) mission in Congo that included Canada but did not seek U.S. or NATO approval. Through this action, the French sought to negate any notion of NATO's right of first refusal to such operations (Anderson 2008: 98-99). This was followed by a decision between Belgium, France, Germany, and Luxembourg (known as the Tervuren Four) to seek the creation of a new EU defense headquarters near Brussels. Initially, the UK distanced itself from this idea but soon decided to join in arguing that a growing EU needed such an institution for coordination purposes.

Other problems in the CSDP-NATO partnership revolved around duplication of Rapid Deployment Forces (RDF) and, as noted above, Turkey's refusal to permit participation of Cyprus and Malta (until recently) in NATO-CSDP meetings and operations. Turkey's arguments against closer military links with the EU rest on a technicality (namely that two non-NATO EU member-states, Cyprus and Malta, did not have an agreement with NATO on protecting classified information). But it was widely understood that Turkey opposed close NATO links with the EU as a way of

punishing the Union for having admitted Cyprus while dragging its feet on Turkey's membership application and also degrading Turkey's role in decision making mechanism of the WEU (now absorbed into CFSP/CSDP).

At the September 2002 NATO summit in Prague, US secretary of defense Donald Rumsfeld proposed creation of a NATO RDF composed of 21,000 troops coming mostly from European members of the organization to defend against nuclear, biological, and chemical weapons. France insisted on the establishment of a separate European RDF for two reasons. First was the French determination to establish a European force that was separate from participating countries' NATO commitments. Second, the European RDF was necessary if it were to involve participation of non-NATO EU states like Cyprus and Malta, which are kept out of NATO-ESDP operations by Turkey. This position of the Turks angered the French, who insist that EU means the presence of all member states. Yet, everyone in the EU knew that Europe did not have sufficient troops to fulfill all its peacekeeping commitments and its need to access NATO's strategic and heavy lift capabilities. Moreover, the EU was already relying on Turkey's assistance in some of its operations in the Balkans: EUPM in Bosnia-Herzegovina, Concordia in the FYROM, and Althea in Bosnia-Herzegovina.

Today, Canada, Iceland, Norway, Turkey, and the United States, which are members of NATO but not of the EU, participate in all NATO-EU meetings. So do Austria, Finland, Ireland, Sweden, and since 2008, Malta, which are members of the EU and PfP program (NATO, "NATO-EU: A Strategic Partnership" http://www.nato.int/cps/en/natolive/topics_49217.htm). Cyprus which is not a PfP member and does not have a security agreement with NATO on the exchange of classified documents, cannot participate in official NATO-EU meetings. Participation of Cyprus is also vetoed by Turkey. Figure 4 shows the overlapping memberships of EU and non-EU NATO countries.

Figure 4: Transatlantic and Other Affiliated Countries Overlapping Defense Commitments



Source: IISS, *European Military Capabilities*, p.3.

The bottom line of all this web of overlapping preferences is that as long as the Cyprus problem remains and Greek Cypriots continue to threaten to block Turkey membership as a means of obtaining concessions from the Turks, resolution of the above PfP standoff is highly unlikely. For sure, Cyprus is an insignificant addition to PfP in terms of military contribution. Moreover, when compared with what resources countries bring to the table for CSDP-NATO partnership, Cyprus is nothing more than a midget. However, this Island presents a valuable real estate for EU-NATO security in the eastern Mediterranean. Furthermore, supporters of Cyprus in the EU maintain that this country’s participation in PfP is a necessary step in thorough integration of this country in CFSP/CSDP. Turkey, on the other hand, firmly opposes Cyprus’s accession to PfP and Greek Cypriot inclusion in NATO’s decision-making process. This tit-for-tat scenario presents nothing less than a frustration to other EU members and the US and threatens to escalate already high tensions between EU and Turkey.

Conclusions and Prospects

Despite complex interwoven interests of competing parties, all is not lost in finding a way out of the current stalemate. One way out of this dilemma is to consider an associate membership for Turkey in CSDP prior to full EU membership. Of course, this option also carries the risk of setting precedence in EU-Turkey relations that could be

used by some member states as the validation of “privileged partnership” for Turkey. Of all countries in the EU, and to everyone’s surprise, France has begun talking to its EU partners about giving associate membership to Turkey in CSDP. This is quite a turnabout for France but, as a known skeptic of Turkey’s EU membership, France is probably the only major EU member state that could convince other reluctant members to agree. The sensitive issues would be the delinking of associate membership in CSDP with privileged partnership and making sure there is no surprise veto by Cyprus.

Another option is to consider trade offs that could resolve the stalemate. In exchange to Turkey’s lifting of its veto over Cyprus’s participation in PfP and EU-NATO decision-making mechanism, the Greek Cypriots and their EU supporters could permit direct economic and political link between the Union and Turkish Cypriots. Of course, it could be even better if this also included lifting of objection to Turkey’s accession by some EU countries.

Unless creative thinking overtakes current mindset in this EU-NATO-Cyprus-Turkey network, it is highly unlikely that Transatlantic Alliance would attain its optimum level of collaboration in a changing world with dramatic consequences. EU’s periphery is not getting any more stable.

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