

# **The Blue Beret**

## **February 2004**



## **Let The Talks Resume!**





## THE BLUE BERET

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Public Information Office  
United Nations Peacekeeping Force in  
Cyprus  
HQ UNFICYP  
PO Box 21642  
Nicosia 1590  
Cyprus.

Tel: 2286-4550/4416/4408

Fax: 2286-4461

E-mail: unficyp-blue-beret@un.org  
blueberetcyprus@hotmail.com

Website: www.unficyp.org

### Editorial Team

Brian Kelly  
Maj. Ingrid TomekovÆ  
Miriam Taylor  
Aldo Henriquez  
MSgt. Martin Mruz (Photographer)

### Unit Press Officers

<b>Sector 1</b>	Capt. Gerardo Gamba
<b>Sector 2</b>	Capt. Mark Edward
<b>Sector 4</b>	1/Lt. Ladislav Regenda
	Capt. ZoltÆn SÆndor
<b>UNCIVPOL</b>	Supt. Sandy Allan
<b>UN Fil</b>	Lt. Ariel Maison
<b>MFR</b>	Lt. Robert Skeggs
<b>FMPU</b>	Capt. Fiona Smith

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Front Cover:

**Let The Talks Resume!**

## Let the talks resume!

The Cyprus talks resumed at the Nicosia Conference Centre near the old Nicosia Airport in the UNPA at UNFICYP headquarters, on 19 February. Both sides displayed ample good will and [a] businesslike spirit in what was a very constructive initial session, according to the Secretary-General's Special Adviser on Cyprus, Alvaro de Soto. After that inaugural meeting, the Greek Cypriot leader Tassos Papadopolous and the Turkish Cypriot leader Rauf Denktash joined the Special Adviser in what Mr. de Soto described as a social encounter with the EU Enlargement Commissioner, Gunter Verheugen. In Mr. de Soto's words, Commissioner Verheugen took the opportunity to explain a little bit more about the European Commission's role in support of the UN's efforts.

Special Adviser de Soto and members of his good offices team had arrived back on the island on 17 February ready to roll up their sleeves in order to help the sides reach an agreement so that a reunited Cyprus might enter the EU on 1 May next.

The two leaders plus delegations travelled to New York for a 10 February meeting with the Secretary-General and his advisers, designed to usher in the final phase of the Cyprus settlement process. After a marathon three-day session, on 13 February, the leaders acceded to a statement by the Secretary-General signifying their acceptance of a three-step approach, aimed at resolving the Cyprus problem and enabling a reunited island enter the European Union on 1 May.

In New York, the two sides also agreed that the EU would have a role providing technical input with regard to legal and economic aspects of the proposed settlement negotiations.

The two sides agreed that the talks would continue in the presence of the Secretary-General's Good Offices team and Special Adviser de Soto from 19 February until 22 March. If, at that point, there were still unresolved issues, Turkey and Greece would join the two sides for a week in order to try and overcome the impasse. Only then, in the continuing absence of agreement, would the Secretary-General step in and exercise his role to finalise the plan.

The finalised text would be put to separate, simultaneous referenda in the north and in the south on 20 April. Its approval would allow Cyprus to join the European Union united on 1 May.

Editorial

## 10-13 February 2004

After meeting with the Greek Cypriot leader Tassos Papadopoulos and the Turkish Cypriot leader Rauf Denktash in New York on 10 February 2004, the Secretary-General's Special Adviser on Cyprus, Alvaro de Soto, told the press that the Secretary-General had held separate meetings with the two sides, before all joined together for what he described as a constructive discussion. The Secretary-General had asked the two sides to stay on in New York and take the morning off for reflection before meeting again at UN headquarters next afternoon. Mr. de Soto indicated that he hoped agreement would be close after a night and morning of reflection. In fact, there were to be several nights and days for reflection before the Secretary-General announced on 13 February his decision to resume the negotiations the following week in Nicosia in the belief that, after 40 years, a political settlement in Cyprus is at last in reach.

The Secretary-General made his announcement to the media on 13 February, morning time in New York, evening in Cyprus:

Good morning, ladies and gentlemen or good evening to those of you watching in Cyprus.

Indeed, I believe it is a very good evening for Cyprus.

We have not yet solved the problem, but I really believe that, after 40 years, a political settlement is at last in reach, provided both sides summon the necessary political will.

In a moment, I will read you a statement which has been agreed with both parties, and with the governments of Greece and Turkey.

But first let me congratulate both leaders Mr. Papadopoulos and Mr. Denktash on the courage and political will they have both shown in the last three days, which has allowed me to take the decision to resume negotiations next week. And let me also thank the governments of Greece and Turkey for the very constructive role they have both played.

A lot of hard work is still needed, and there are still tough questions ahead. But if all concerned show the same courage and goodwill during the next three months that they have shown in the last three days, I believe there is now a real chance that, before 1 May, Cyprus will be reunited.

Now let me read the statement.

Negotiations resumed on 10 February at United

Nations Headquarters in New York between the two parties in Cyprus, in my presence.

Following three days of meetings and consultations, I am pleased to announce that the parties have committed to negotiating in good faith on the basis of my plan to achieve a comprehensive settlement of the Cyprus problem through separate and simultaneous referenda before 1 May 2004.

To this end, the parties will seek to agree on changes and to complete the plan in all respects by 22 March 2004, within the framework of my mission of good offices, so as to produce a finalised text.

In the absence of such agreement, I would convene a meeting of the two sides with the participation of Greece and Turkey in order to lend their collaboration in a concentrated effort to agree on a finalised text by 29 March.

As a final resort, in the event of a continuing and persistent deadlock, the parties have invited me to use my discretion to finalise the text to be submitted to referenda on the basis of my plan.

In addition, the parties have agreed on the other suggestions contained in my invitation of 4 February 2004. They have also decided to form a technical committee on economic and financial aspects of implementation, to be chaired by the United Nations.

The guarantor powers have signified their commitment to this process and to meeting their obligations under it.

I welcome these commitments as well as the assurances of the European Union to accommodate a settlement and the offer of technical assistance by the European Commission. I look forward to drawing on this assistance as well as that of others in the course of the negotiations.

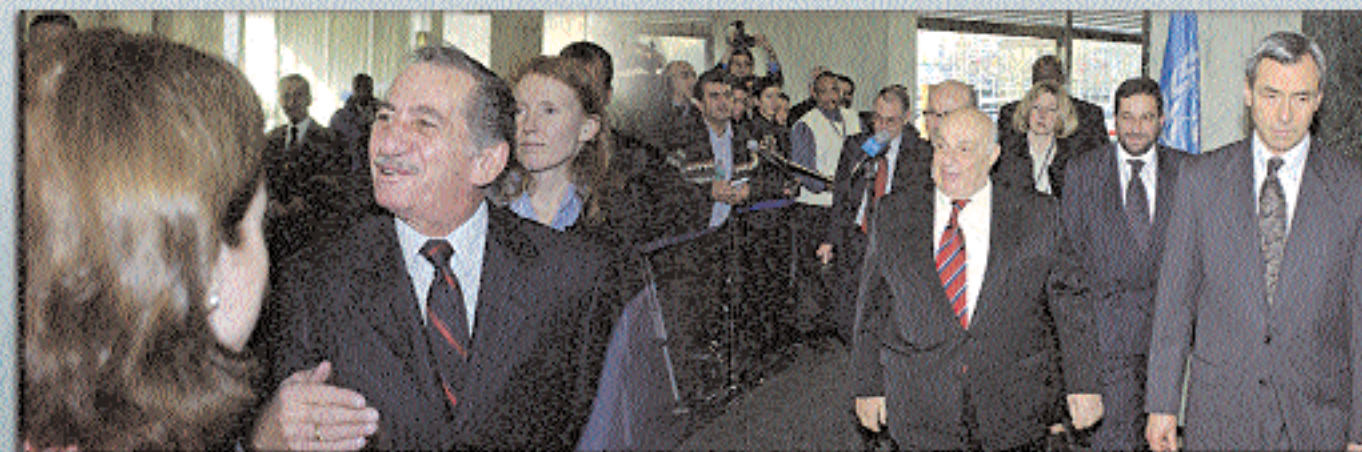
The talks will reconvene in Cyprus on Thursday, 19 February, with direct meetings between the two parties in the presence of my Special Adviser, Alvaro de Soto. The technical committees on laws and treaties will reconvene on the same day.

I commend the constructive spirit and political will displayed by both parties, as well as by Greece and Turkey, to reach this agreement.

All concerned now face historic responsibilities to bring about a just and lasting peace in Cyprus. I wish them well, and look forward to working closely with them.

Efharisto! Te ekk rler! Thank you very much!

Friday  
The  
Thirteenth



Entering the Secretariat building lobby at UN headquarters



17 February 2004



*Pleased to be back!*



## 350 days later...

On his arrival at Larnaca Airport, Special Adviser Alvaro de Soto told waiting media:

"I can't tell you how pleased I am to be back. I left without saying goodbye because I had the feeling that I would be back. I didn't expect it to be 350 days later."

"I am very pleased in any case to be able to come here at the behest of the Secretary-General to try to help the Greek Cypriots and the Turkish Cypriots finally come to terms on a text which would go to referendum and which would bring about a reunified Cyprus at last."

"So that is what I have come here to do, roll up my sleeves. There is a lot of work to do. It is not possible to underestimate the amount of work that there is to do. And there is however, a strong political determination that has been shown by the parties, as well as by Greece and by Turkey, as evidenced in the agreement reached early on Friday of last week. We hope that in the coming weeks, all will show the capacity to work and the continued political courage and vision and spirit of compromise that will be required in order to match the political determination already shown."

In the ensuing Q & A session, he was asked what would happen if the Turkish Cypriots or the Greek Cypriots reject the agreement in the referendum, the Special Adviser told reporters at the airport:



*Settling back into the Good Offices offices*

"Well obviously the decision at referendum time will be up to the Greek Cypriots and the Turkish Cypriots and that is one that they will have to take, based on their consciences. The text of the agreement that must emerge will be a very complex and voluminous one. Luckily, no matter what changes may emerge from the process in the coming few weeks, it is largely well known and has been known for a year. So there are not likely to be great surprises. So what we are hoping for is that since it is going to be necessarily a compromise, and compromises usually don't have many fans or enthusiasts, that the leaders who will continue to participate in this exercise will rise up to their responsibility of helping to explain how a compromise is necessary and indeed unavoidable in order to reach a settlement on Cyprus."

Asked was he optimistic about the viable functionality of the plan, he replied:

"I believe that we are either there or very close to it already in the plan that was submitted by the Secretary-General. What you have is a settlement that we believe can work because, of course, it is improvable. It can be improved like all works of man and woman, but it can work and it is an honourable solution as well."

As to changes that might be expected or requested, de Soto said:

"Well, whatever the parties can agree to. The impression was created somehow at the beginning of last year that we were somehow resistant to any changes at all in the plan. And that is why the Secretary-General has gone out of his way this time around to make it clear that if the two sides want changes, we will be looking very carefully at them and we will be there to lend our assistance in helping to build bridges and helping to create tradeoffs and we will look for all opportunities to do so. It's up to them."

The Special Adviser added that he hoped the two sides would agree to the changes and complete the text, "leaving no blanks". Failing that, he said the SG would convene a meeting sometime in late March to resolve anything that remained, although, he noted, "we would strongly prefer that it not come to that".

18 February 2004

## Visiting the Leaders



*The Good Offices team called on the Greek Cypriot leader Tassos Papadopoulos...*

Once back in Nicosia, the reassembled Good Offices team were soon seen unpacking and settling back into their offices at the talks' conference centre in the United Nation Protected Area.

Next day, amidst feverish preparations for the resumption of talks, Mr. de Soto and members of his team made calls on both leaders.

Up at the UNPA, others were at work too as UNFICYP support staff including military and police (UNCIVPOL and FMPU), and, on the civilian front, administrative and logistical personnel installed the last of the computers, reconnected phone lines and put the final touches to security and catering arrangements for the Good Offices team and the delegations.



*... and later in the day visited the Turkish Cypriot leader Rauf Denktaş*



19 February 2004



*Greeting the leaders*



# An Auspicious Day

On 19 February, the media approached from north and south, anxious to get good vantage points to cover the opening day of the resumed talks. First to arrive were the TV satellite vans and their technical crews, all of whom had to be there early in order to get a transmission “fix” to ensure that they would be able to broadcast the event live.

Well before the leaders’ arrival at 10:00 am, more than 100 members of the media were positioned on risers across from the entryway to the conference centre, cameras angled, notepads posed, pencils sharpened, questions polished and at the ready.

Everyone was primed to witness and to comment. Everyone had their views.



*Escorting the leaders*



So it was that at 10:00 am on 19 February, the flashing blue lights of UNFICYP escort vehicles signalled the arrival of the leaders as they swung into sight of the media and rolled up to the entryway in their limousines. First to arrive was the Turkish Cypriot team, including Mehmet Ali Talat and Serdar Denktash, led by Mr. Denktash, then the Greek Cypriot delegation led by Mr. Papadopoulos. Each side was greeted and escorted into the conference centre by a smiling Alvaro de Soto. Inside, Chief of Mission, acting SRSG Zbigniew Wlosowicz, added his welcome.

Then, after an initial exchange of courtesies and a brief pause for some official UNFICYP photography by UNFICYP Force Photographer MSgt. Martin Mruz, and the **Blue Beret’s** Miriam Taylor, the serious work got underway as the two sides sat across from one another, with Mr. de Soto and his team, along with the Chief of Mission, seated at the top of the rectangular table arrangement.





19 February 2004

## Around



## The Table

*Cyprus and the international community alike await the verdict as the negotiation process moves into high gear and after 40 years a political settlement is, in the Secretary-General's words, "at last in reach".*



## In The



## Corridors

### Verheugen's Visit

The leaders were still in session when EU Enlargement Commissioner Günter Verheugen arrived at the conference centre just after midday. Once the meeting broke up, Mr. de Soto led Mr. Papadopoulos and Mr. Denktash to his office, where the three of them were joined by the EU Commissioner in a round of light refreshments (tomato juice).

Before his departure, Commissioner Verheugen addressed the media outside. He said Brussels wanted to demonstrate its readiness to support the UN's efforts by providing everything needed to help the UN make the process a success. A further reason for his visit was to discuss EU involvement in the process with the UN and the two leaders, since not only is the settlement of the conflict at stake "but also the preparation for membership" in the EU. He said was quite optimistic about helping the process along, given that "the whole exercise here is about democracy and rule of law and respect of human rights".

For this reason, he had encouraged the leaders "to use the opportunity because we strongly feel that membership of a united Cyprus would be in the best interests of both communities", he said.





## Το Σχέδιο Ανάν

- Αναθεωρημένη και επεξεργασμένη ανάλυση των τελικών προνοιών.
- Φλέγοντα ερωτήματα και διλήμματα στο μικροσκόπιο συντακτών του «Φ».



# Making Headlines



## ÜÇLÜ BOKS!



## Crunch time in New York



## NY talks going nowhere fast



## It's a deal



## Leaders told to sleep on it



## New York talks go to the wire



## Tassos warns of tough decisions



**Question 1.** We are here in the UN base where the talks are being conducted. We are speaking with Mr. Didier Pfirter, the Legal Adviser to Mr. Alvaro de Soto, the leader of the core negotiating team for the United Nations. Mr Pfirter, could you describe what is actually happening on a day-to-day basis in the process?

**Pfirter:** Well, this place hardly ever sleeps, really. The day begins early with internal UN team meetings to catch up on the events of the day before to prepare for the day ahead. Then the leaders and their core teams usually meet at 10:00 am, sometimes 9.30 am,

## From the Mega TV interview – 2 March 2004

with Mr. de Soto and his core team. But then there is another meeting happening which has not been so much in the public eye. Parallel to the leaders' meetings, several technical committees are meeting. Experts from each side come together with UN experts, some of which have been seconded by the European Commission, to finalise federal laws and treaties, to look into the economic and financial aspects of the settlement, to make technical preparations – particularly on the Turkish Cypriot side – for EU accession. We are also expecting that two committees on the flag and the anthem will start meeting in the coming days to go through the many hundreds of submissions that we received last year from all over Cyprus – and indeed from around the world – to make recommendations to the two leaders on a flag and anthem. Then other committees will be looking into finding headquarters for the transitional federal government. This is an urgent matter to take in hand since the leaders have agreed that they want to set a date for entry into force before the first of May. That is in less than two months. Then also other aspects of implementation will be looked at by committees. Preparations are being made for a donor's conference.

# Pfirter on the Plan

From Mega and Kibris TV  
Q & A with Good Offices' Legal Adviser

Everyone is working very hard. The committees have a huge workload, especially the laws committees, but all of them really. Some of the committees have met during the weekend, one of them yesterday, Saturday, for nine hours non-stop. There will be six committees meeting in parallel on Monday. After the committee work is finished everyone goes back to their offices and prepares for the next day. There is always a lot of preparation that has to be undertaken. We are often on the phone with each side, until midnight and most people are still in their offices, as well as us, sometimes into early morning hours. So a lot of people from both sides as well as the UN are doing their best to improve and complete the plan and make sure that everything is ready for a referendum and for a united Cyprus to go into the European Union on 1 May.

**Question 2.** Do you think that we are going to be ready before 1 May?

**Pfirter:** Yes, we will do everything that is humanly possible to ensure that. This is not easy. There will certainly be some things which will need some improvisation after the entry into force of the settlement, because as you know, the settlement is designed to enter into force almost immediately after the referendum, and the first few days, people will need to use their skill of improvisation for which the Cypriots are famous. I am actually quite sure that things will be going well and smoothly.

**We decided not to ask our own questions – so we went to ask some kids, young ladies and gentlemen, to give us their thoughts. So the questions we are going to ask are from these kids. Let me start.**

**Question 3.** If you were a refugee who will not return to your home, what will your answer be at the referendum?

**Pfirter:** It's obviously not for me to say how any person should vote. However, we hope that all will have in mind the general interest shared by all, of reaching a settlement at last, and that all will bear in mind that it inevitably must be a compromise which, while reasonable and honourable, cannot possibly accommodate all individual concerns. The question is really whether people want to seize the chance of peace and reunification for the sake of their country and their children.

While I can understand the pain of those whose hope to return will not be fulfilled, I would like to point out that roughly two thirds of Greek Cypriots who were displaced will be able to return. More than half of the Greek Cypriots who have had to leave their homes – which in today's figures is about 120,000 people – will be able to go back in the areas that will become part of the Greek Cypriot constituent state. On top of that, about 15,000 additional people would have the right to have their former homes in the Turkish Cypriot constituent state reinstated.

I can understand that this may be of little comfort to the remaining one third. It may seem unfair to them from their individual point of view. But they may still be able to reside in their former towns and villages, even if they do not get their properties reinstated, and they will get full and effective compensation for their loss, which they would not get without a settlement.

**Question 4.** Another question these kids gave: "I think the details of this compensation are not clear enough, so tell me more about it."

**Pfirter:** The process of fixing the exact compensation will be a very complex undertaking for the Property Board. So it is understandable that people have concerns about this issue. Let me try to explain how they will proceed with a hypothetical example of a Greek Cypriot property in the Turkish Cypriot state.

The Greek Cypriot owner will get compensation either because he chooses so, because that is an option that he can exercise early on if he wants to get money and not go through the trouble of renovating a house again and so on or selling it or exchanging it, whatever. Or because his or her property is inhabited by a person who was himself or herself displaced and wants to exchange the property against the property that he or she lost, or by someone who has so-called "substantially improved" the property – this is a technical term that the plan uses – by increasing its value by more than 100%. The main example would be by building a house on empty land.



## Pfirter on the Plan .....

If neither of these two cases apply, the owner may sell, exchange or lease the property for a minimum of 20 years. However, should he or she prefer reinstatement, and not want to exercise any of these three options that I mentioned, then he might get compensation if such reinstatement is not possible, due to the ceilings on reinstatement that the plan foresees – which is 20% of all residences and land area of any village, and 10% of residences and land area in either constituent state.

Now let me come to the way that compensation would be paid under the plan as it stands. The Property Board would take the value of the property at the time of dispossession, which for most Greek Cypriots would have been 1974 – for many Turkish Cypriots it might have been earlier – and multiply it by the factor of increase of land values in comparable locations. In doing so, it will disregard the effects of the events between '63 and '74 and the consequences that have occurred since on land values.

The compensation will be then paid in bonds which are guaranteed by the federal government, and which bear market interest. However people do not have to wait until these bonds are paid, which will be after 10 years for two thirds of them and 15 years for the remaining third. They can use these bonds to purchase properties from the holdings of the Property Board, and they can purchase these properties at compensation values – that means at the amount of compensation that the owner of those properties was given by the Property Board. That might be interesting in cases where those values are actually better than market values. Or they can use them as down-payment for a mortgage, if they want to buy alternative accommodation. They can also sell the bonds in the open market.

So in short, those who would not get their properties back would receive full and effective compensation as required by international law, including the European Convention on Human Rights.

The whole scheme is designed in such a way that it should not be a big burden on the state. Nobody will be getting any land from the Property Board that he or she did not own without paying for it, either in collateral, giving his or her property on the other side, or in kind, in pounds or euros. The state, with the possible assistance of international donors, may have to foot a comparatively small part of the bill because, on both sides, some properties have been destroyed or used for public purposes. Of course the owners of these properties need to be compensated, and since the properties are no longer available to be sold to someone else, that

fraction will need to be financed by the state or by donors. But again, I think the scheme is designed to be largely self-financing.

**Question 5.** *A 22-year-old girl says that her grandmother has been living away from her home, her village, her land, for 30 years, hoping and praying that one day she can go back. Now, how can you explain to this old lady (the young girl asks) that she won't go back to her home, while some other refugees will return. This young girl also asks would you not agree that this creates a feeling of injustice among Greek Cypriots, especially among refugees?*

**Pfirter:** I can very well understand these feelings. I come myself from a country where we used to be all farmers a couple of generations ago. We are still attached to our ancestral homes in these ways, and to the land, and I can really relate to these feelings and I wish it were possible for everybody to be able to return. But I will also say that, for reasons that Cypriots know far better than I do, the events in Cyprus have pitched Greek Cypriots and Turkish Cypriots against each other, in pursuit of what both of them perceived to be their just cause, and have caused a lot of pain to a large number of innocent people on both sides. There is no way unfortunately that a settlement can do full justice to each and every individual because in many cases, doing so is mutually exclusive between two people who, through these events and developments, now have claims that sort of go against each other. It is true some Greek Cypriots will not be able to return. But remember – over one quarter of the Turkish Cypriots will have to leave places that have become their homes for the last 30 years, and move to new homes again. A settlement has to strive to do as much justice and as little injustice as possible, in order to strike a compromise that people will be able to accept for the sake of peace and a future that will be brighter than the past.

**Question 6.** *Another questioner points out that Turkish Cypriots represent approximately 20% of the population (I think before the events in '74 it was 18%). Greek Cypriots are about 80%. But the Turkish Cypriot constituent state, according to this question, will have more than 28% of the territory. Don't you think (this girl asks) that this is very unfair? Why would 20% have 28% of the land?*

**Pfirter:** If you put it in these terms, it might seem unfair. It is always when you have figures like this, at first sight obviously, that the difference strikes the eyes. There are, however, other ways of looking at it. As I already mentioned, the settlement means that more than a quarter of Turkish Cypriots – virtually all of them

having been displaced one or more times already between 1963 and 1974 – will have to once again leave the places that they have made their homes and start their lives all over again. It also means that almost 90% of the Greek Cypriots will be able to live in the towns and villages that were theirs in 1974, under Greek Cypriot administration, almost 90%, while only 60% of Turkish Cypriots will be able to live in their native towns and villages under Turkish Cypriot administration. This example may show that fairness is a very complex and evasive concept in trying to solve the Cyprus problem. Every effort has been made, and is being made, to make the plan as fair as possible. But the concerns of the two sides unfortunately clash in many ways. One has to try and strike as fair as possible a balance as one can.

**Question 7.** *How can a new state manage to move forward and have a positive future when its base, its foundation, is so unfair, another of these young people asks.*

**Pfirter:** Well, I just explained, I think fairness cannot be judged by looking at the settlement from one angle alone and not from one's own angle alone in particular. A sustainable base and foundation for a positive future requires people on both sides to take into consideration not just their own concerns and aspirations, however justified they may be, but also the legitimate concerns and aspirations of the people on the other side, and indeed of other people on their own side.

**Question 8.** *A young man asks if you think it is fair that the two states will become politically equal? After all, again, Greek Cypriots are 80% of the people and Turkish Cypriots are 20%. Why can the minority (according to this young gentleman) "control" the majority?*

**Pfirter:** It is. First of all, let me say that political equality is not a new concept, not one that was invented by this plan. It is something that was agreed decades ago by the two sides. And I think, given the history of Cyprus, it would be inconceivable that either side would agree to a settlement that allowed the other to control or dominate it. The Annan Plan does not allow the Turkish Cypriots to control the Greek Cypriots, or vice-versa. Precisely because it is not easy to establish mechanisms of political equality in a situation where the numbers are quite unequal, which everyone is quite aware, the plan foresees that, wherever possible, and on most matters relevant for peoples' daily lives, each constituent state will run its own affairs without any interference from the other side or indeed the federal government.

On matters on which Cyprus needs to act as one – that is, on the federal level – the

plan ensures that people from both constituent states effectively participate in decision-making. It does so in a way that encourages them to work together, that minimizes the chances of deadlock, and that provides for ways to overcome any deadlocks that might occur in spite of this. It should also be noted that the plan takes into account the relative sizes of populations, and does not provide for equal numbers in most federal organs.

**Question 9.** *Do you really believe that such a complicated system of government will work? These kids told me that we are going to have ministers, presidents, vetoes, senate, parliament. It seems to them that too many people will be taking decisions in this island after 1 May.*

**Pfirter:** I can understand that Greek Cypriots, who have for decades now been used to a very centralized system which concentrates powers in the hands of a single person, may find the sort of a power-sharing arrangement that the plan foresees confusing. But power-sharing is a must for a settlement. And most federal countries have systems where power is shared among different people. Virtually all of them have two chambers of parliament, which by the way do not necessarily have to work full time. In Switzerland where the federal government has more powers than it would have in Cyprus, they don't work full-time, they work part-time. And here, where the powers of the federal government are relatively limited, in my mind it can well be conceived that they would be working only on occasion on and off.

The government envisaged in the plan is designed to be lean and efficient, with only a small number of members. Unlike the 1960 Constitution, this plan also does not allow any single person to veto any decision, and no separate majorities are required for any decision. However, decisions do require some support from representatives from both constituent states. With Cyprus in the European Union, both constituent states I am sure will have much more in common than they might think, and this will create a powerful political incentive for the government to work well. And even without that incentive, we are convinced that this model provides for a workable and functional government.

**Question 10.** *Why, if after 1 May when Cyprus will be a full member of the European Union, will the Acquis Communautaire not be fully implemented? Why is the Annan Plan not harmonized with the European law system?*

**Pfirter:** Yes, the Annan Plan is harmonized with the European law system. It was however prepared for a settlement to come to being about a year ago, when

there would have been a further year to prepare fully for accession. The fact that a settlement would now come into effect only days before accession means that some adaptations need to be made, and this is being worked on with the help of experts that have been seconded by the European Commission, by the way.

It is normal for the EU to grant transitional periods and, in exceptional cases, derogations where a new member state can make a compelling case that immediate and full application of the acquis would cause serious problems. It would seem obvious that Cyprus, reuniting after decades of division, presents an unusual case, and that the full and immediate application of all EU rules and regulations which were designed for quite a different environment, may not be appropriate.

For the sake of peace, it is of paramount importance that the Turkish Cypriot community, which is considerably smaller and currently economically much weaker, should feel ensured that it will not be overrun and taken over. That is why the European Union is prepared to accommodate a settlement, provided it is in line with the principles on which the European Union is founded, as this settlement is.

**Question 11.** *The next question is about the financial aspect of the solution. Our young questioners want to know how much the solution will cost. They want to know how much it is going to cost, not only individually, but for the State as well. They want to know about taxes. They ask if the two communities are going to pay equally, or will the stronger economy, the Greek Cypriots, suffer more by paying more? They want to know if, after the solution, after 1 May, they are going to have a good standard of living? Can you guarantee that the future for all Cypriots, including the younger generation, is going to be as good as the present is for the Greek Cypriots?*

**Pfirter:** I am convinced that a settlement offers a better future for all Cypriots. The settlement does not cause any extra government spending in the long-run. On the contrary, it may well allow for better economies of scale. Some of the things that at present are done by both sides will henceforth be done together and therefore paid for only once. Much of the cost of the current uneasy truce, and its negative impact on the economy, will be gone. New opportunities will open up. And the long-term stability of Cyprus as an EU member state will also help to improve prospects. Of course, the implementation of a settlement will cost money in the short-term. There have been some wild figures thrown around, which we believe are massively overstated,

Whatever the amount, this should be seen as a one-time investment in the future. It is an investment for peace. It will be worth every pound and every euro.

Let me point out that an economic and financial committee of experts from each side is looking into the details of this issue, and their work will be fed into the process, and should clarify some of the concerns that have been voiced. Also, international donors have signalled that the Cypriots will not be left alone to foot the bill. A donor's conference in support of the settlement is in the pipeline. As far as contributions within the Cypriot state are concerned, the plan foresees that all direct taxes, taxes that people pay on their income, will go to the constituent states. Not one pound of your income taxes will be transferred to the other constituent state. The taxes collected by the federal government are only the indirect taxes, VAT, and so on. Obviously, at the very beginning, the weaker economy will collect less VAT taxes per capita than the richer one. And so, in that sense, the richer will make a larger contribution to the common pot. It is, however, a known economic fact that the indirect taxes even out much more quickly than the individual incomes because they are taxes on consumption, they are also being paid by tourists. Tourism picking up in the Turkish state will make an important contribution to VAT taxes being collected in that state. So I think the period during which the taxpayers of the Greek Cypriot state will carry a larger burden of the common cost will be a rather short period.

**Question 12.** *Can I ask how do you think the richer state is going to pay for that cost? For how long? I think the Greek Cypriots are going to pay more taxes than the Turkish Cypriots. So can you tell us for how many years?*

**Pfirter:** They are actually not paying more taxes. They are paying the same amount of taxes. The indirect taxes are consumption taxes. The rate will be the same across Cyprus. But if the Greek Cypriots consume more, that means that the amount of tax collected per capita from the Greek Cypriot state will be higher than the amount of tax collected from the Turkish Cypriot state. Again, it is likely that within a few years only, that will even out. Also because tourism will pick up in the Turkish Cypriot state and VAT will be paid by those tourists and that should probably diminish the difference by a considerable amount. I would also like to point out that one third of the taxes collected in the Greek Cypriot state, of the indirect taxes, will stay there, as will one third of the indirect taxes collected in the Turkish Cypriot state, for them.

## ..... From the Mega TV Interview



## Mega TV Interview

**Question 13. A number of Turkish troops will remain in Cyprus after a solution. The question is simple – why? Why do they have to stay in Cyprus after the solution? Don't you think that the two communities are able to live harmoniously without the troops, especially the Turkish troops?**

**Pfirtter:** First I would like to note that there will be a very substantial troop reduction under the plan, and the range of demilitarization measures.

**Question 14. What is the number of troops that are going to stay?**

**Pfirtter:** The number is 6,000 until Turkey joins the European Union as the plan current stands and an equal number of Greek troops.

We hope that, in the long run, the two communities will be able to live together in harmony without foreign troops on this island. However, at this stage, both sides still have understandable security concerns. The Turkish Cypriots take comfort from the presence of a moderate number of Turkish troops, which would be stationed in agreed and identified locations, in their constituent state. Greece could station an equal number of troops in agreed and identified locations, in the Greek Cypriot constituent state. In this context, it should also be noted that the United Nations will have a force here which will stay until both sides decide otherwise. A peaceful and harmonious implementation of a settlement would no doubt make it possible for all concerned to reconsider this issue in the future.

**Question 15. A last question from these kids. They say that many people have concerns about the Annan Plan and want to see it improved. Do you think that you are going to make some changes, or is the plan going to stay the same as it is now?**

**Pfirtter:** I hope that it will not fall upon us to make changes. I hope that the leaders will agree to changes, and they will make this plan theirs.

As you know, in New York on 13 February, the two leaders agreed to negotiate on the basis of the plan. But they have both indicated that they do want the changes. Mr de Soto is actively helping them to try to build bridges and reach compromises. Obviously that is a difficult process. The plan is the work of humans and no doubt it is not perfect. The parties – who know the issues better than anyone – can certainly improve the plan if they engage in a constructive spirit and make an effort to consider not only their own concerns, but also those of the other side.

But it is also the case that the plan establishes a careful balance, and clearly neither side is going to accept that the plan is changed in its disfavour. And since, in these processes, one side's gain is often the other side's loss, or at least it is perceived that way, changes are difficult to agree, and any changes will have to be balanced, in a spirit of give-and-take.

## Pfirtter on the Plan .....

**Question 1. How does the Annan Plan handle the sovereignty issue?**

**Pfirtter:** On this issue, the plan refers to the Swiss model, which has often been invoked by the Turkish Cypriot side as the example to be followed. The Swiss constitution says that the cantons are sovereign within the limits of the Constitution. At the same time there can be no doubt that Switzerland is a single sovereign member of the international community and that a United Cyprus Republic would be too. Furthermore, the plan explicitly says that the constituent states shall sovereignly exercise all powers not vested in the federal government, which again is in line with the Turkish Cypriot position that such residual powers should be sovereign powers. Also should the constituent states freely organise themselves under their own Constitution.

**Question 2. What are the functions of the constituent states and the common state?**

**Pfirtter:** The plan has strived to limit the functions of the federal government to what is necessary for an EU member state and a sovereign member of the international community or what is necessary because of the nature of an issue, such as communications. Virtually all matters important to individual citizens, and all those which have major budgetary implications, have been left to the constituent states. Among these are education, health, industry and agriculture, transport, social security, all direct taxation and the bulk of legislation, including civil law, commerce code and ordinary criminal law.

**Question 3. Is the common state the continuation of the Republic of Cyprus or is it a new entity?**

**Pfirtter:** The plan has chosen the so-called virgin birth approach to this most contentious question. This approach makes it unnecessary to agree on the state of affairs prevailing prior to a settlement because the settlement itself would be the source for all that is relevant for the future. The plan contains elements of continuity for both sides reflected in provisions on past acts and in the list of treaties binding on the United Cyprus Republic.

**Question 4. How is the political equality of the Turkish and Greek Cypriots secured in this set-up?**

**Pfirtter:** The entire plan is based on a partnership of two equals. The political equality is reflected in the equal status of the two constituent states, in the equal number of senators hailing from each constituent state, in the fact that individuals from both constituent states shall rotate in the Chair of the Presidential Council and in the fact

that no decision can be taken at any level or in any federal organ without substantial support from both constituent states. Finally, any change to the Constitution will need the separate consent of the voters in both constituent states.

**Question 5. What sort of arrangements are there to protect the political equality? (Political rights of the Greek Cypriots to settle in the north...)**

**Pfirtter:** The political rights at the common level are to be exercised on the basis of internal constituent state citizenship status. It would be up to the constituent states to decide, whether such status can be obtained by people hailing from the other state. This is due to a change made in the third version of the plan and dispels any danger of watering down of political equality in the long term.

**Question 6. What is the exact percentage of the area to be left under Turkish Cypriot control?**

**Pfirtter:** Slightly more than 29%.

**Question 7. How many people are expected to be dislocated if the plan is to be implemented? (100,000?) How many of these will move from areas to be left under Greek Cypriot control and how many will have to move as a result of Greek Cypriots settling in the north?**

**Pfirtter:** We have based our calculations on the 1996 Turkish Cypriot census. The number of Turkish Cypriots to be displaced by a territorial adjustment has always been in the forefront of the concerns of the Secretary-General. This was the main reason for the choice of the map, which was attached to the second plan, i.e. the map that would have given the tip of the Karpas to the Greek Cypriots. Among all the options considered, that map was the one affecting the smallest number of current residents, i.e. 42,000.

The map attached to the third plan, which leaves the entire Karpas to the Turkish Cypriot State, affects 47,000 Turkish Cyprus according to the 1996 census. It should be noted that 11,000 out of these 47,000 people are in Famagusta. These people would not need to relocate to another place but could just move within the same town, which is quite a normal phenomenon anywhere in the world. There are also concrete plans to relocate the roughly 12,000 people of Guzelyurt as a community to a suitable nearby place. This then leaves a maximum of 24,000 people to be relocated from other affected locations; actually it may well be less than this.

As for the people affected by the restitution of properties to Greek Cypriots, their maximum number is limited by the 10% state-wide ceiling on res-

titution of property. We believe that no more than 15'000 people would have to move to new houses elsewhere in the same village where they currently live. I repeat that this is a maximum number, the actual number could well be less. It should also be noted that no Turkish Cypriot who possessed property in what will be the Greek Cypriot state or who substantially improved a property will be obliged to move and that anybody who needs to move will be provided with alternative accommodation.

**Question 8. How will these people be treated (new housing, 50 sq. m.... social environment... financing...)?**

**Pfirtter:** The Secretary-General's plan establishes clear minimum criteria for alternative accommodation which shall be no less than 70m<sup>2</sup> for two people, 100 for three and 120 for four etc.. The plan also underlines that such accommodation should be in locations where adequate livelihood may be earned. This would be financed by international donors or the federal government. When the process was interrupted, preparations for a Donor's conference, where hundreds of millions of dollars and euros would likely have been spoken, were already well advanced.

**Question 9. How many Greek Cypriots will be allowed to return to the north and under what conditions? Does this number include those to return to Karpas?**

**Pfirtter:** First let me clarify two things: the establishment of residency by Greek Cypriots in the Turkish Cypriot state and the restitution of property are two quite different things and would be dealt with separately by the plan. The fact that someone has a right to return does therefore not mean that s/he is reinstated to his/her property nor does reinstatement of a property automatically entitle the owner to residency rights. The other thing that is important, is that the process of return would be a very gradual one.

After two years, people over 65 and their spouse or a brother or sister and former inhabitants of four Karpas villages and their descendants would be allowed to return. Their properties would however only be reinstated after three years if they are uninhabited and otherwise after five years, provided the conditions are fulfilled. The number of elderly who would be eligible is about 12,500. Since these people all have rebuilt their lives in the south and have family there that they could not take along, it is unlikely that they would in large numbers go and live in what by now are Turkish Cypriot villages in the north, especially before any of them get their houses back.

The number of people who were displaced from the four Karpas villages was about 6,000. If we take the population growth of 40% that has since occurred

among Greek Cypriots, about 8,400 people would be eligible to return. However, most of these people have since established livelihoods elsewhere in Cyprus and may well have professions that cannot be exercised in the remote rural villages of the Karpas. It is therefore unlikely that more than a fraction of this number would actually return.

After six years, other Greek Cypriots could establish residence in the Turkish Cypriot state up to a level of 7% in any village. This level rises to 14% after 11 years and to 21% across of the population of the entire state, roughly 40,000, after 15 years. It should be noted that elderly people and people hailing from the four Karpas villages who are themselves exempted from limitations do count for the calculation of these percentages. Since former inhabitants enjoy priority in establishing residence, all former inhabitants who would still be alive some 12 years after entry into force of the Foundation Agreement would likely be able to return under the permissible ceiling of 14% and certainly under that of 21%. It is therefore merely a theoretical possibility that someone would wait until he/she is over 65 and then return after the ceiling of 21% would have been reached.

I think that this debate about the number of people returning is largely besides the point. The limits in the plan have the nature of safeguard clauses and are not targets. We do not expect that these limits will be reached. If one looks at the pattern prevailing today in the South of Cyprus, one will see that 80% of the population lives in the four urban areas. Most houses in the villages are merely used for weekends and as summer houses.

There is no reason why it should be different for villages in the north. The fact that these villages have become Turkish Cypriot villages and that the entire administration and legislation will be solely in Turkish will actually make it quite unlikely that any Greek Cypriots will want to establish residence there. Since southern Nicosia and southern Famagusta would be Greek Cypriot, there is also no reason for Greek Cypriots to go and live in the northern parts of these urban areas. This leaves Kyrenia as the only urban area in the north. However the number of Greek Cypriots who hail from Kyrenia is quite small and Kyrenia can be reached within 15 minutes from Nicosia if someone wants to do business there. So even in Kyrenia, there is little likelihood of a big influx of Turkish Cypriots. I would therefore predict that the number of Greek Cypriots establishing permanent residence in the Turkish Cypriot state will remain very small indeed.

You may ask, why then did the UN not suggest lower limits. Well, this is a question of human rights and of admis-

sible limitations of the EU Acquis. Safeguard clauses must be justified and reasonable. One can explain and justify a slow and gradual approach after 40 years of conflict and that for the preservation of bi-zonality and the Turkish Cypriot identity of the Turkish Cypriot State, the vast majority of the population in that state must be Turkish Cypriot, but it would be difficult to explain why 15 or more years after the entry into force of the Foundation Agreement the Greek Cypriots could not be a minority of one fifth of the population of the Turkish Cypriot state.

**Question 10. Will the Greek Cypriots returning to the north be faced individually with Turkish Cypriots who are the present occupants of their property?**

**Pfirtter:** The plan makes it very clear that, individuals will not need to deal directly with each other on property issues. The property board will be the sole intermediary on all dealings, including leases, sales etc.. unless both sides wish to deal directly with each other.

**Question 11. What will happen to the people who will have to evacuate the property they have been using for so many years?**

**Pfirtter:** People who have owned property of roughly equivalent value – the plan actually allows for a difference of up to 50% – and people who have significantly improved a property, e.g. built a house on empty land, will not be required to move. In any case, nobody would have to move until five years after entry into force of the Foundation Agreement. Finally, Turkish Cypriots who have to move will be provided with alternative accommodation of the minimum size mentioned earlier and in the same town or village in which they currently live.

**Question 12. How does the plan handle the security and guarantees issue?**

**Pfirtter:** The Treaties of Guarantee and Alliance will continue. The scope of the Treaty of Guarantee will be broadened to embrace also the territorial integrity, security and constitutional order of the constituent states. The number of Turkish troops allowed to be stationed under the Treaty of Alliance will be raised from 650 to 6000 until Turkey joins the EU, the same will apply to Greece which is allowed 950 under the current Treaty of Alliance. In this context it should be noted that the two treaties are independent of each other and that the withdrawal of motherland troops foreseen when Turkey shall join the EU will not affect the continued validity of either of the treaties.

**Question 13. Will the 1960 guarantee system still be in place?**

**Pfirtter:** Yes, as I just said, it will actually be considerably strengthened, namely by the inclusion of the constituent states into the scope of the system.



## Pfirter on the Plan -- From the Kibris TV Interview

**Question 14.** *Why are certain conditions proposed on the stationing and movement of guarantor troops?*

**Pfirter:** The provision which excludes troops from being stationed in areas of territorial adjustment or between the Nicosia-Famagusta Highway and the current buffer zone provides for a suitable disengagement and assures the Turkish Cypriot side that the territorial adjustment will not have any strategic significance. The movement of troops is not actually limited, the plan merely provides for mutual information 72 hours before big movements as a confidence building measure. This is perfectly normal and common practice among e.g. member countries of the Organisation for Security and Cooperation in Europe.

**Question 15.** *There are allegations that the list of arms and military vehicles proposed by the UN for the guarantors to keep in Cyprus, is drawn up to favour the Greek Cypriot side.*

*What do you have to say to that?*

**Pfirter:** These allegations are unfounded. In the first place, it should be noted that the Greek Cypriot National Guard is to be dismantled and its arms are to leave the island. The initial plan of the Secretary-General contained blanks on these issues to be filled by Greece and Turkey in mutual agreement. Unfortunately they were unable to do so. In the third plan the UN made suggestions to fill in the blanks. The figures chosen were standard figures; we had no detailed technical information from either side. We do not expect that these technical details would pose a problem in finalising agreement.

**Question 16.** *Again there are allegations that the map in the plan was drawn up by the Greek General Staff, keeping in mind a possible attack on the north. Could there be any truth to that?*

**Pfirter:** Nothing could be further from the truth. There have never been any contacts on the map with the Greek General Staff, any military authority or indeed any Greek authorities. As I have already said, the provision which prevents Greek troops from being stationed in areas of territorial adjustment, makes the map irrelevant from a strategic point of view.

**Question 17.** *How will the plan affect the people who came to north Cyprus from Turkey and settled here?*

**Pfirter:** Anybody married to a Cypriot will automatically get citizenship. A further 45,000 people will get citizenship in a certain order of priority. Anybody who has grown up in Cyprus or stayed here for a long time should be covered by that number. Another roughly 15,000 people will get permanent residency and citizenship after some more years, depending on how long they have already stayed in Cyprus. Students and academic staff will be allowed to stay in Cyprus in unlimited numbers. Anybody who chooses to return to

Turkey would get substantial assistance of no less than 10,000 Euros for a family of four.

**Question 18.** *Does the plan have any provisions for overcoming the economic imbalance between the north and the south?*

**Pfirter:** The Constitution says that the federal economic policy shall give special attention to the harmonisation of the two economies and the eradication of economic inequalities within the shortest possible time. There are several more specific provisions to safeguard the economic interests of the Turkish Cypriots, e.g. those who currently enjoy import licences or those who have bank accounts in foreign currency. The distribution of indirect taxes between the constituent states results in a net transfer of resources from the Greek Cypriot state to the Turkish Cypriot state of about £25 million or almost \$50 million per year, according to Turkish Cypriot calculations. Most important of all are, however, the numerous EU programmes which are specifically designed to eradicate economic disparities. In addition to the regular programmes, the European Union has allocated a special fund of 200 million Euro to the Turkish Cypriot state. Finally, it should be noted that the tremendous and unspoilt touristic resources of the Turkish Cypriot state will allow it to rapidly catch up after a settlement.

**Question 19.** *What sort of country does this plan envisage? What is the vision of this plan?*

**Pfirter:** It envisages a country where Greek Cypriots and Turkish Cypriots live essentially side by side as good neighbours in their own states and separately governing their own affairs, including most aspects of their daily lives. Towards the outside world and in the EU they would act together based on common agreement, since no decisions could be taken without substantial support from both constituent states and since both of them would have the same number of seats in the senate which has to pass all the laws and approve all the treaties. The federal government would not depend on the will of one person but on the collective will of a Presidential Council elected with substantial support from both Greek Cypriot and Turkish Cypriot Senators (at least two fifths from each side) and requiring votes from members from both constituent states for any decision.

The plan allows for a moderate and slow return of some Greek Cypriots to the Turkish Cypriot state but ensures that the Greek Cypriots cannot be more than one fifth of the population of that state. This ensures that the Turkish Cypriot identity of the Turkish Cypriot state will be ensured in the long run.

