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Edited by / Sous la direction de

Stelios Stavridis, Charalampos Tsardanidis, George Christou

Contributors / Contributions de

George Christou
Anna Bojinović Fenco
George Kyris
Marko Lovec
Carla Monteleone
Ali Şevket Ovali
Rodrick Pace
Stelios Stavridis
Charalampos Tsardanidis

Zenonas Tziarras, George Koukoudakis

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The Financial Crisis and Cypriot Foreign Policy: Re-Europeanisation?

George Christou* and George Kyris**

RÉSUMÉ

Cet article vise à étudier l'impact de la crise de la zone euro sur la politique étrangère des Etats membres, en prenant Chypre comme une étude de cas. En s'attachant au débat concernant l'européanisation des politiques étrangères nationales, son auteur soutient que la politique étrangère de Chypre, malgré la frustration générale provoquée par la crise financière au sein de la société en général, a fait l'objet d'une autre ré-européanisation. Ceci s'explique principalement par le changement de gouvernement et de leadership, de l'administration Christofias au penchant idéologique vers la gauche, pro-européenne mais adoptant une position critique, à celle d'Anastasiades penchant vers le centre droit, pro-européenne et orientée vers l'Occident. Cet article explore donc la dynamique de ré-européanisation de la politique étrangère de Chypre durant la crise financière et montre comment les élites chypriotes ont effectivement adopté une approche plus centrée sur l'UE plus ou moins pour les questions et les actions de politique étrangère.

ABSTRACT

This article seeks to investigate the impact of the Eurozone crisis on the foreign policy of member states, taking Cyprus as a case study. Drawing on the debate on Europeanisation of national foreign policies, it is argued that Cypriot foreign policy, despite the general frustration caused by the financial crisis within broader society, has actually undergone a further (re) Europeanisation. This is explained in the main by the change in government and leadership, from the ideologically left leaning, pro-European but policy critical Christofias administration to the (centre) right leaning, pro-European and Western oriented Anastasiades government. This article therefore explores the dynamics of (re) Europeanisation of Cypriot foreign policy in the financial crisis and demonstrates how Cypriot foreign policy elites have actually adapted a more rather than less EU-centric approach to foreign policy issues and actions.

* University of Warwick, **University of Birmingham

Introduction

Within the European Union (EU) the Republic of Cyprus is the third smallest country after Malta and Luxembourg. As the only divided member state remaining within Europe, it has generally perceived the European integration project in a positive light, in particular given its own search for reunification and integration.[1] Such general support for integration and indeed accession to and membership of the EU has oscillated, at least among the Cypriot public, only at critical moments or moments of crisis, including, for example, the Greek Cypriot 'no' vote on the Annan Plan (2004), which was supported by the EU and, of course, more recently in 2012, with the impact of the financial crisis. In terms of the former, Eurobarometer data[2] demonstrates that in the spring of 2003, prior to the vote on the Annan Plan and Cypriot accession, 87% of Greek Cypriots perceived EU membership to be beneficial to Cyprus, but that this was followed by a dramatic decrease in the spring of 2004, when it fell to 56 percent.[3] In terms of the latter, the Eurobarometer data[4] indicates, as one might expect, high levels of distrust with regard to EU institutions (75% tending not to trust the EU).

Whatever the statistics, that the financial crisis has had devastating consequences for Cypriot society is not a theme for debate, certainly not for the people of Cyprus, with the most important issues dominating their minds being those of economic transformation and the financial situation for individuals and households. The conditions that were constructed by the Eurogroup for Cypriot 'bailout', and the subsequent demands attached to the finance provided by the troika (International Monetary Fund, European Commission, European Central Bank) constituted the most severe among those European Member States that sought assistance when their economies deteriorated under the strain of excessive debt and bankruptcy. For the everyday Cypriot, and Cypriot officials alike, the severity of the reaction by the EU in particular, was and remains difficult to comprehend in what was supposed to be a club that projects and promotes the value of collective solidarity.

In this context then, it might well be logical and reasonable to assume

that the financial crisis and its impact on Cyprus has had negative consequences, not just in terms of the everyday politics of economy and society, but also with regard to how Cyprus orientates itself in its foreign policy; a Cypriot 'pivot' away from Europe and the EU to the east and south, in particular given the discovery of hydrocarbons off the south shores of the island, providing it with a real alternative. However, this is to ignore the gradual Europeanisation of Cypriot foreign policy that has occurred since the accession of Cyprus to the EU on 1st May 2004, with very few exceptions. Conceptually, it is to omit patterns of adaptation, learning and socialisation that have occurred in relation to the Cypriot foreign policy machinery and elites in Nicosia and Brussels. Moreover, it is to analyse Europeanisation without sufficient attention given to key domestic intervening variables, which despite the crisis and the deeply unpopular externally prescribed medicine, have led to more, rather than less EU and Europe with regard to Cypriot national foreign policy orientation. In this regard, this article relates more to questions of 'downloading' and 'cross-loading' Europeanisation, as outlined in the introduction of this special issue, and how national foreign policies have adapted during the economic crisis but also the impact of public opinion on the de-Europeanisation of foreign policies. Cyprus, one of the few countries at the very heart of the Eurozone crisis and the recipient of 'bailout' assistance from the EU and the IMF, becomes a particularly interesting case to explore this puzzle. Indeed the argument put forth in this article is that the financial crisis has had no de-Europeanisation effects on foreign policy. Rather what we have seen is a re-Europeanisation of Cypriot foreign policy, explained primarily by the pro-European ideological orientation of the President of the Republic of Cyprus, Nicos Anastasiades (leader of the centre-right party DISY (Democratic Rally), who was elected on 24 February 2013, with his first priority 'to reinstate Cyprus' credibility, and to 'work together with our EU partners, and ... fulfil our responsibilities to the utmost'.[5]

In order to demonstrate the above argument the article will be divided into three sections. Section one will provide a context for understanding the Europeanisation of Cypriot foreign policy since the accession of Cyprus to the EU on 1 May 2004 (until 2013), to allow

the reader to comprehend, in a more substantive way, elements of continuity and change. The second section will then explore in more detail the direct and indirect impact of the financial crisis on the Europeanisation of Cypriot foreign policy, before drawing conclusions on the implications of this in the third and final section.

Europeanisation of Cypriot Foreign Policy before the Crisis

Historically, because of the constricted relationships with the major powers in the region (Turkey and Greece as NATO members) and internationally, Cypriot foreign policy was non-aligned (a movement which it helped to found in 1961), seeking to develop relations with countries in Eastern Europe and the Third World that empathised and understood its own predicament. However, it also looked West in its identity, in its membership of international multilateral organisations such as the UN, and in its economic and cultural relations, even though politically, it was often disappointed at Greece's deference to the Western alliance and NATO in the event of domestic crises in Cyprus in the 1960s. Cypriot foreign policy then, was very much shaped by the inter-communal problems on the island, and its turbulent relationship with its immediate neighbours (Turkey, Greece) and the greater powers that were perceived to have strategic objectives in Cyprus and the Mediterranean (Britain, US, Soviet Union). The Turkish intervention in 1974 following a Greek staged coup to remove the Cypriot President Makarios, led to the division of the island and the separation of Turkish Cypriots to the north and Greek Cypriots to the south. Since then, the Cyprus issue has both shaped and dominated the Cypriot foreign policy agenda. Indeed, the Greek Cypriots through the only internationally recognised Government of Cyprus has pursued a strategy of internationalisation of the Cyprus problem, predominantly and successfully through the UN, but also through other multilateral *fora* such as the Organization for Security and Cooperation in Europe (OSCE and the CSCE before that) and the Council of Europe.

The Europeanisation of the Cyprus problem and the Cypriot application to join the EU in 1990 then, was primarily driven by

'security' concerns caused by the division of the island, and was a continuation of the strategy of internationalisation pursued by the Cypriot government historically.[6] Thus, the EU provided another platform and milieu within which Cypriot elites could externalise its national priorities – in this case, primarily the Cyprus issue - as a means to influence the reunification of the island. Both before and in particular after membership, Cyprus found its closest ally in Greece, in its attempts to influence the parameters of the Cyprus issue. Greece was instrumental in securing the beginning of Cypriot accession negotiations in 1995, and whilst in the post-accession period there is evidence of some divergence between the two countries in relation to important national issues[7][8] in their efforts to 'disassociate' and become more independent from each other in the Europeanisation context, they have consistently coordinated policies and Greece has supported Cyprus on issues related to the division of the island inside the EU.

When Cyprus joined the EU on 1 May 2004 under a government led by nationalist President, Tassos Papadopoulos (of DIKO the right wing Democratic Party), the approach taken was confrontational[9] – in particular in relation to realising objectives related to the Cyprus issue. Indeed, one might argue in this initial period that there was a much steeper adaptation curve for Cypriot diplomats than for other member states as they learnt to be more consensual in their approach to interacting with and acting in the EU institutions. This did not mean abandoning their instrumental positions on the Cypriot national problem (ethniko provlima- *εθνικό πρόβλημα*), in particular given the 'no' vote promoted by Papadopoulos and his party on the United Nations proposal for a settlement (the 'Annan Plan'). However, it meant the Europeanisation of the Cyprus problem after membership had to be dealt with in a less aggressive (but not assertive) manner, in line with the practices of the EU machinery rather than traditional diplomacy, even though a certain national logic still prevailed in discussions over any policy which was related or might impact on the established international parameters for its resolution, and in the Papadopoulos interpretation of what this entailed, namely a unitary state.

Under Papadopoulos, if slow in recognising the need for a more

dynamic institutional and administrative system of management for European affairs,[10] including foreign policy, there was a high degree of convergence and policy adaptation. For example, a major change was the Cypriot decision to withdraw itself from the Non-Aligned Movement on joining the EU, which had served it so well in particular in keeping NATO out of Cyprus and facilitating Greek Cypriot efforts to prevent the recognition of the self-declared 'Turkish Republic of Northern Cyprus'.[11] Prior to this it aligned its foreign policy with that of the EU on issues such as sanctions against the former Republic of Yugoslavia, which it would have previously seen as implausible given the close religious and historical ties with Cyprus.[12] Cyprus in addition cooperated, integrated itself and participated in various EU ESDP missions (Congo, Darfur, Bosnia-Herzegovina, FYROM), despite the constraints brought about by Turkish opposition to Cyprus' participation in missions that required the EU to utilise NATO assets. In addition to this Cyprus joined other ESDP institutions including the European Defence Agency (EDA), the European Union Institute for Strategic Studies (ISS), the European Union Satellite Centre (EUSC) and the European Security and Defence College (ESDC). In general, Cyprus aligned itself with most EU CFSP positions in the Papadopoulos era, with very few exceptions (e.g. the recognition of Kosovo, even though it agreed to the creation of the EULEX mission).

The election of Dimitris Christofias in February 2008 (of AKEL, the Communist Party) was viewed in a more positive light in Brussels, in particular in terms of the discussions on the Cyprus problem; AKEL promoted a 'soft' no with regards to the Annan Plan but had a long-standing policy commitment for rapprochement with the Turkish Cypriots. The Christofias government also established new institutional and administrative mechanisms for coordinating EU affairs and projecting Cypriot positions in Brussels, the most innovative of which was the establishment of the Secretariat (of the Cyprus Presidency of the EU, hereafter Secretariat), the Director of which reported directly to the President of the Republic. In addition, European Affairs units were established in all ministries (Feb 2010) to manage EU affairs within and across ministries internally and

externally with regard to coordination with the Representation in Brussels. Further changes were made after June 2011 with the aim of decentralising and making more pragmatic the coordination of EU affairs, including the appointment by law of a Deputy Minister to the President of the Republic for European Affairs.[13] However, whilst it might be argued that institutional and administrative progression, and policy alignment and interaction were certainly evident under Christofias at a general level, there was also a certain level of policy scepticism more broadly:[14] this no doubt exacerbated by the economic and financial crisis catalysed by the banking sector in Cyprus and the prospect of having to accept 'neoliberal' medicine that did not sit well ideologically with AKEL. More broadly in the context of the above changes in institutional landscape, leadership and ideology, it can be argued that EU membership has had a significant impact on Cypriot foreign policy in qualitative terms – in particular with regard to policy alignment, adaptation and national projection - even though the nature and pace of Europeanisation has oscillated since accession in May 2004. For example, Cyprus has played an active role bilaterally and within the EU multilateral order on the EU's policies in the Southern and Eastern neighbourhood, and contributed to efforts to facilitate the Middle East peace process. In addition Cyprus has, with its new-found political weight and status within the EU, sought to establish bilateral relations with powerful states such as China and Russia[15], in order to intensify their involvement and ensure their continuing and unequivocal support for a solution of the Cyprus problem through established UN parameters. The broader point here, of course, is that Europeanisation has provided a regional platform and brought about added kudos for Cyprus, which has allowed the Cypriot government to engage more intensely with and include powerful international actors as alternative voices in relation to the Cyprus problem. Related to this, of course, has been the aim of counter-balancing the Atlanticist position of the majority of the member states that joined the EU alongside Cyprus, in 2004.[16] There were, again, however, subtle differences with regard to the Papadopoulos and Christofias approaches – the former clearly utilising the EU platform to be much more assertive in his criticism of US

foreign policy and Anglo-American intervention on the island (and British efforts inside the EU to push the case of the Turkish Cypriots and Turkey), in particular in relation to the construction of the Annan Plan in 2004. In relation to Christofias, whilst he was certainly not reluctant to criticise Britain (or the US) in relation to Cyprus prior to becoming President (he was educated in Russia as were many AKEL members), there was a certain amount of adaptation once he was in office that no doubt improved the relationship, in particular inside the EU, with Britain.

EU membership, however, under Papadopoulos and also Christofias did not lead to further internationalisation in the form of NATO membership for Cyprus. Although this was obviously not a requirement, of those countries that became part of the EU in 2004 only Cyprus and Malta did not join. Even countries that declared themselves 'neutral' in their foreign policy orientation opted to join NATO's Partnership for Peace (PfP) programme designed to promote cooperation between third countries. Following enlargement there were various reasons why the respective Cypriot governments in power declined to join NATO. The most prominent related to a fundamental and general mistrust of NATO because of the long-standing membership of Turkey within the organisation (since 1952); and the perception therefore that it was biased towards Turkey and its interests. Indeed, for AKEL (Christofias' party), there was no interest in either the PfP or NATO – even though during the period when he was in office this position was increasingly contested by other political parties (in particular DISY, the main opposition party) that whilst sceptical of full membership, favoured joining the PfP programme.[17]

In terms of national projection there is no doubt that the EU arena has been utilised in a significant way to influence the parameters of the national problem. Cyprus has aimed to guard established positions on the Cyprus issue "through its increasing political weight as a new Member State",[18] – with perhaps the only major difference the approach taken by Papadopoulos (aggressive/assertive) and Christofias (pragmatic) in seeking to achieve Cyprus' aims with regard to a solution – and more flexibility shown by the latter in marginally extending the

parameters of existing law such as the Green Line Regulation (GLR).[19] Under Papadopoulos, for instance, the Cypriot government was able to prevent recognition of the so - called 'Turkish Republic of Northern Cyprus' (TRNC) (recognised only by Turkey) by states such as Azerbaijan and Kyrgyzstan, through interventions on the content of their Agreements with the EU. It was also part of a coalition of countries (Spain, Greece, Romania) that refused to recognise Kosovo's independence because of the implications this might have for recognition of the 'TRNC' through setting any precedent in international law.[20] Moreover, for Papadopoulos the EU was an arena which offered additional leverage on changing the Turkish position in the post-Annan Plan era. This included its refusal to recognise the Republic of Cyprus until the EU fulfilled its promise to bring the Turkish Cypriots out of isolation through the Financial Aid and Direct Trade Regulations – despite the fact that Turkey signed (in July 2005) the Ankara Protocol extending its Customs Union with the EU and its ten new member states (including Cyprus). In turn it allowed Cyprus (along with others that did not support Turkish membership) to call for a suspension of Turkey's accession negotiations until it fulfilled its contractual obligations under the terms of the Protocol – with, in the end, a classic EU compromise concocted that saw the suspension of negotiations with Turkey on eight negotiating chapters.

Thus, whilst the Cypriot national problem was multilateralised through Cypriot accession to the EU, this is not an area where Cypriot governments, whatever the leadership and party affiliation, acquiesced to EU Member States' and EU institutional requests for compromise in all areas. Nowhere has this been more obvious than with the issue of the Direct Trade Regulation (DTR), for which the European Commission has consistently pressed for,[21] supported by a coalition of Member States – which would allow direct trade between the Turkish Cypriots and the EU. On this issue, successive Cypriot governments have remained steadfast in their rejection of any such Directive, which would, from a Cypriot national perspective, imply the recognition of the 'illegal TRNC'. Beyond this, however, and at an overarching level, it is clear that the Cypriot government has recognised the potential

benefits of Europeanisation-supporting the European orientation of both the Turkish Cypriots and Turkey-*albeit* to different degrees and within differing atmospheres with regard to Papadopoulos and Christofias. Although with the caveat that engagement did not contravene either established international (UN) Resolutions on the Cyprus issue, or indeed, EU contractual obligations.

Overall then, it can be summarised that Cyprus has implemented substantive institutional and organisational change to facilitate the process of Europeanisation and aligned itself with and engaged in EU foreign policy activity and policy: whether under the government and leadership of Papadopoulos or Christofias. Whilst they clearly approached Europeanisation in different ways – in particular with regard to the Cyprus issue - Cypriot officials and diplomats gradually learned to play the EU game in a more pragmatic and effective way, across all policy areas – in particular under Christofias. In this sense then, Cypriot foreign policy underwent fundamental transformation as a member of the EU – in its relationships internally and externally, as well as its activities and alignments. However, the financial and economic crisis in Cyprus most certainly had an impact on the popularity of Christofias domestically, and indeed the approach of the Christofias government to policy solutions that were constructed by the Troika – which included the European Commission. This in turn adversely affected the popularity of the EU among Cypriot society, but has not had any such effect on Cypriot foreign policy orientation in the post-Christofias era (February 2013). It is to this issue that the next section turns.

Crisis, Continuity and Change: Re-Europeanisation

In March 2013 and only a few weeks after the election of Nicos Anastasiades (DISY, the centre-right Democratic Rally) to the Presidency, Cyprus witnessed something new: protestors took to the streets, waving banners that wrote 'Out of Euro Now' or 'No to the plans of the EU for the subordination of Cyprus'. The protests were triggered by the discussions between the newly-elected government and the EU

on a rescue package for the crisis-hit EU member state, on the condition of a series of 'painful' measures, including the restructuring of Greek Cypriot banks and a one-off deposit levy (6.7 per cent on bank accounts with balances less than 100,000 euros, 9.9 per cent for the rest). While the deal (slightly revisited to secure a number of depositors) was eventually agreed and implemented, public frustration with the EU did not seize. Almost a year later, just 17 per cent of Greek Cypriots saw the EU in a positive light,[22] the second lowest percentage recorded throughout the EU following the also, crisis-hit Greece (16 per cent). This Greek Cypriot disapproval of the EU came in stark contrast to traditionally very pro-EU feelings. For example, ten years ago and just after the country's EU accession, a majority of Greek Cypriots held a positive image of the EU (51 per cent).[23] For all the public disillusionment that has caused, the financial crisis does not seem to have led to a 'de-Europeanisation' of foreign policy. Quite the opposite, the election of Nicos Anastasiades in early 2013 signalled an ideological and diplomatic step-change; Anastasiades favoured alignment across all dimensions with the EU, including its evolving foreign policy and other Western structures, such as NATO's PfP, even though positions related to the Cyprus issue such as the Direct Trade Regulation (DRT) for the north of Cyprus, remain very much the same. In this regard, the new realities of the Eurozone crisis combined with the change of government have led, directly and indirectly, to a re-Europeanisation of foreign policy, despite increasing feelings of injustice and frustration towards the EU among the general public.

Cyprus' relations to Russia represent a first important aspect of foreign policy that was affected by this process of re-Europeanisation. Indeed this was an indirect effect of the financial crisis, where Cyprus' relations with Russia were tested. Whilst under the Christofias government a loan had been secured (and preferred) from Russia (a sum of 2.5bn) to ease Cypriot liquidity problems caused by the banking crisis, it was reluctant to offer any further assistance to the Cypriot government, in particular given that the rescue deal eventually agreed between the Cypriot government and the EU under Anastasiades, which among other things provided for a 'haircut' of

large bank investors, was considered to bear important consequences for Russian investment in Cyprus. Albeit with certain trepidation, the Greek Cypriot parliament eventually supported the rescue plan agreed by the new government, which was described by the President as a "painful yet, given the circumstances, the best agreement that they could secure".[24]

In this context it is clear that the ideological shift brought about by the election of Anastasiades and his government was a decisive factor in the re-Europeanisation of foreign policy in the context of the Eurozone crisis. Russia did not offer a credible or reliable alternative beyond its initial loan, but more significantly, a clear European and indeed neoliberal orientation meant that for Anastasiades there was no other alternative. As a result, the economic crisis, combined with the election of a government that was Western-oriented and Europhile, served as a starting point for the re-Europeanisation of Cypriot politics and policies, including in its foreign affairs. From a conceptual perspective this observation is not too far from the commonly agreed understanding that national governments (and leaders) and their profile are especially important in the process of Europeanisation of foreign policy.

Perhaps even more telling for the re-Europeanisation of Cypriot foreign policy and its implications for relations with Russia are the events in Ukraine. In the winter of 2013-2014, the refusal of Ukrainian President, Viktor Yanukovych, to agree an Association Agreement with the EU triggered a series of internal protests, which eventually led to his replacement by a new interim government. Following this, separatist efforts from pro-Russian rebels led to the Russian annexation of Crimea in March 2014 and ongoing battles throughout the country. The upheaval in Ukraine - which was triggered by the debate on the country's orientation towards the EU and the West or Russia - dealt a blow to the relations between the EU and Moscow. So far, confrontation between the two sides has been mostly rhetorical and diplomatic, with the EU implementing a series of economic sanctions towards Russia. These developments are increasingly becoming a test for Cyprus, which needs to perform a rather delicate

balancing act towards the EU and Russia, as two traditionally important partners. As a result, Cyprus has supported sanctions towards Russia (to a degree)[25] and has aligned with the EU position in the UN vote, which condemned the Russian annexation of Crimea.[26] While the impact of the financial crisis on all these might not be so direct and obvious, Russia and the events in Ukraine can be seen as a good example of how the financial crisis has proven to be a milestone in the Cypriot relationship with the EU: despite the frustration that the 'painful' EU bailout agreement caused both at the public and elite level, the economic crisis, combined with the election of a more pro-EU government, seems to have served as a defining moment, which reaffirmed the European orientation of the country and its foreign policy and in turn bolstered its credibility and influence within the EU foreign policy arena.

Energy is another issue that relates to Cypriot foreign policy with reference to Russia and the EU in the wake of the Eurozone crisis and the Ukraine upheaval. The crisis in Ukraine and the consequent thaw in the relations between Brussels and Moscow retriggered the debate on the EU's energy security and new calls for the need to reduce energy dependency in general and on Russia in particular.[27] These developments seem to have further reinforced the 'Europeanisation' of Cypriot foreign policy: Greek Cypriot officials [28] underline how important Cyprus is for the EU's energy security, also vis-à-vis Russia. At the same time, the economic crisis has become a catalyst for Cyprus' energy agenda, which the government sees as an important step towards economic recovery.[29] In this regard, the economic problems that Cyprus is facing combined with the renewed interest of the EU in developing its own energy sources has had an important impact on the Greek Cypriot energy agenda, which is based on a narrative for the island as a credible energy source for Europe.

In addition, Cypriot efforts on the energy front carry important implications for its wider national foreign policy orientation, in particular given its limited financial resource to exploit in a maximal way, its opportunities. First of all, Cyprus has successfully put the Cyprus gas connection on the EU's energy map, thus embedding and

securing it within EU plans, funds and structures.[30] Second, the issue of energy has fostered new alliances between Cyprus and third countries, especially to the island's south, and the role of the EU and the Eurozone crisis cannot be neglected. The Cypriot government increasingly depicts the island as a potential energy hub in the Eastern Mediterranean, contributing to geopolitical stability and economic growth. The bilateral agreements on energy issues with countries such as Egypt, Israel or Lebanon are promoted by Greek Cypriot elites as an important element of foreign policy, which shows the potential for cooperation in the wider Middle East region. According to Foreign Minister Ioannis Kasoulides, Cyprus' vision "is for hydrocarbons to do for our region, what coal and steel did for Europe... one day something similar will happen in our region, because always the prospect of prosperity for the people supersedes nationalist or other barriers that are created".[31] In pursuing this energy and foreign policy agenda, EU membership has been very helpful. For example, Industry and Tourism Minister George Lakkotrypis, underlines the importance that Cyprus has as a European base for foreign investors, such as China.[32] Other Greek Cypriot officials [33] underline the better understanding that Cyprus has about Middle East countries, in comparison to other EU member states. Most importantly, being an EU member state can be seen as a factor that increases the legitimacy and strategic position of Cyprus. For example, the French oil company Total has expressed its interest in the Cypriot government's 'efforts to promote the development of a gas liquefaction project in Cyprus, whose membership in the EU is a major asset. [34] In this context, the example of Cyprus testifies to how membership is often rationalised as a way through which a state can fulfil its foreign policy objectives: here, membership of the EU is seen as an additional 'weapon' for Cyprus in pursuing energy objectives and this has important implications for its foreign policy, which continues to be within a strong EU context.

The importance of EU membership for Cyprus foreign policy can be seen most clearly in the way Greek Cypriots have pursued their energy objectives despite great opposition from Turkey. Drawing on its position on the Cyprus problem, Turkey (and also Turkish

Cypriots) has repeatedly opposed the Greek Cypriot energy agenda on the grounds that a) Greek Cypriots cannot move to energy explorations, because they are not the legitimate government of Cyprus and b) any energy resources should be exploited by and benefit Turkish Cypriots too.[35] In this context, EU membership seems to have become an important 'shield' for Greek Cypriots against any potential aggressive move from Turkey. In practice, the government of Cyprus has, on many occasions, used EU membership to try and limit Turkish opposition to their attempts for gas exploitation.[36] Indeed, the EU stressed that Cyprus has "all the sovereign rights of EU Member States which include, *inter alia*, entering into bilateral agreements, and to explore and exploit their natural resources in accordance with the EU acquis and international law, including the UN Convention on the Law of the Sea".[37] In this sense, Cypriot foreign policy continues to draw on EU membership as an important source of legitimisation, security and a tool for achieving objectives. Reflecting on the discussion on Europeanisation, being a small and comparatively new member state seems to reinforce this rationalisation of EU membership as an important instrument of Cypriot foreign policy.

As for the Cyprus issue and the EU, though the position of the Greek Cypriot government did not change fundamentally once Anastasiades was elected, there has been a shift in the way Greek Cypriots have pursued their aims. Cypriot foreign policy elites came to realise that for Cyprus to retain credibility as an EU member state it needed to pursue its objectives on the 'national issue' in a more productive manner. Thus, the Anastasiades government has advanced a more constructive approach with regards to the EU and the Cyprus issue, without changing fundamental positions. For example, the Greek Cypriot government continues to condition Turkey's EU accession on the implementation of the Additional Protocol and refuses to unblock the implementation of DTR. While this does not directly relate to the economic problems that Greek Cypriots have been facing, there are still aspects of the Cyprus issue that are impacted by the crisis. In particular, the Eurozone crisis is seen as a reason for a renewed interest in Cyprus and the conflict in particular. It can be argued that the

economic crisis, under the more constructive approach taken by the Anastasiades government, has made the EU more open to listening to Greek Cypriots and their foreign policy agenda, in particular in relation to Turkey.

Conclusions

The central argument in this article has been that whilst the financial crisis has had a severe impact on the everyday lives of many Cypriots it has not had a similarly negative effect with regard to Cypriot foreign policy elites. Thus, despite increasing public disillusionment towards Brussels, we have seen institutional and procedural continuity and a reinvigorated Europeanisation of Cypriot foreign policy. Pivotal to this change has been the emergence of a new government and a Europhile leader that has sought to embed Cyprus further into Western structures – the EU, but also NATO's Partnership for Peace which had been so strongly resisted by previous governments. At the same time, the financial crisis, which sits at the heart of the research puzzle here, has also, indirectly and directly, played its part in this process of re-Europeanisation. The Eurozone crisis has been a learning curve for foreign policy elites that became more self-reflective and more alert to understanding the internal dynamics of the EU and the strategies of larger member states, such as Germany. Moreover, and rather perversely, it has resulted in a perception of the EU as the most reliable partner and arena for conducting its external policy, precisely because of the value compatibility with the EU and the knowledge that the EU offers Cyprus the most effective way of projecting itself as a small state, and indeed, ensuring its short and long term security and economic needs. Rather than creating the conditions and momentum for the de-Europeanisation of Cypriot foreign policy the financial crisis has actually triggered a Cypriot foreign policy which sees the EU as its main point of reference in even stronger terms.

More generally, it is clear that foreign policy officials in Nicosia and Brussels have undergone a process of learning since Cyprus acceded to the EU, so that continuity and incremental change rather than

radical shifts in foreign policy have resulted following any critical moments, including the financial crisis. In this sense, Cypriot officials continue to have a very positive understanding of the EU, despite their acknowledgement of the mistakes of the EU in the context of the financial crisis. The fact that the crisis is perceived as a 'European problem' that needs a 'European solution' in the eyes of the Anastasiades administration has marked an even stronger Europeanisation of Cyprus policies, including on the foreign affairs front. The adherence of Cyprus to the foreign policy objectives of the EU, even where perhaps there is a difficult balancing act, such as with Russia (but also, for example, on issues such as the Partnership for Peace or sanctions on Iran), demonstrates a step-change towards re-Europeanisation rather than de-Europeanisation. At the same time and as the example of energy shows, EU membership continues to be a source of legitimisation and confidence for Cypriot foreign policy in the international field – which is clearly seen in the fostering of new partnerships and relationships based on Cyprus' EU profile and the ongoing deployment of EU membership towards securing gains vis-à-vis Turkey. Ten years after EU accession, the EU CSDP arena, it can be argued, is perhaps more critical for Cypriot foreign policy than ever before, despite and precisely because of the financial crisis.

NOTES

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10. James Ker-Lindsay and Hubert Faustmann and Fiona Mullen, *An Island in Europe: The EU and the Transformation of Cyprus,* London, I.B. Taurus, 2011, p. 113.
11. Angelos Sepos, *The Europeanization of Cyprus: Polity, Policies and Politics, op.cit*, p. 123.
12. Argyris Passas and Evangelia Katakalou, "The Cyprus EU Presidency: 'Riders on the Storm'", *op. cit.*, pp. 32-33.
13. On election in February 2008, Christofias declared that he was not a Eurosceptic but a Eurofighter that would not automatically reject everything put forward by the EU. Indeed this is important as whilst he clearly resisted and indeed rejected many of the neoliberal solutions suggested for Cyprus when the financial crisis occurred, he supported the idea of integration in many other areas, including foreign policy.
14. George Christou,"Bilateral Relations with Russia and the Impact on EU Policy: The Cases of Cyprus and Greece", *Journal of Contemporary European Studies,* Vol.19, No.2, pp.225- 236.
15. Angelos Sepos, *The Europeanization of Cyprus: Polity, policies and Politics, op.cit*, p. 127.
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24. There is an important caveat here though that demonstrates that Cyprus whilst aligned with the general EU and UN position (instrumentally), was reluctant to support economic sanctions (phase 3) against Russia. Indeed, because Russia has always supported Cyprus in the UNSC on the Cyprus problem, and Russian businesses in Cyprus have been important to Cypriot economic recovery, the events in Ukraine have entailed Cypriot foreign officials maintaining a very difficult balancing act.
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