

EU Policy-Making in Federal Cyprus: The Challenge Ahead

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RÉSUMÉ

Cet article examine les défis institutionnels et communautaires auxquels Chypre, un pays nouvellement devenu membre de l'UE, sera confronté dans l'exercice de sa politique européenne. Étant donné l'importance croissante accordée à la prééminence de la politique de l'Union Européenne sur celle des États membres et de leurs citoyens, il existe un puissant mobile pour chaque gouvernement de coordonner sa position nationale afin de défendre ses intérêts plus efficacement à Bruxelles. Cependant, la structure institutionnelle de l'UE et la nature de la prise de décisions européennes fait de la coordination de la politique de l'UE une tâche extrêmement difficile pour tous les États membres. Pour les États qui aspirent à devenir fédéraux comme Chypre, ceci constitue un défi d'autant plus grand, compte tenu du besoin pour les deux communautés de l'île d'adopter une politique commune dans le cadre de l'UE. Cet article propose des moyens pour affronter de tels défis en examinant ce qui a été écrit sur des États fédéraux et la coordination de leur politique européenne.

ABSTRACT

This article examines the institutional and communal challenges that Cyprus will be facing when conducting its EU policy. Given the increasing salience of EU policy for Member States and their citizens, there is a powerful incentive for each government to coordinate its national position in order to pursue its interests more effectively in Brussels. However, given the institutional structure of the EU and the nature of EU decisionmaking, the coordination of EU policy will prove an extremely difficult task for all Member States. For aspiring federal states, such as Cyprus, the challenge will be all the greater as a common EU policy will need to be agreed upon by the two communities. This article proposes ways to counter such challenges by drawing upon the literature of federal states and EU policy coordination.

Introduction

Achieving successful coordination in any area of governmental activity is extremely problematic (Peters, 1998: 295), but membership in the European Union confronts governments with a set of particularly testing organizational and managerial challenges. Not only are Member States

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locked into a 'continuous policy making process of both an active and reactive nature' (Wright, 1996: 149) across a broad and expanding terrain where they interact with multiple partners in a complex institutional environment, but their action must be coordinated at and between two levels: the domestic and the European.¹ Each dimension imposes its own requirements, and has its own dynamics, and feedback between the two levels is continuous. Different constituencies put forward their demands, different sets of actors jostle for attention, and different rules must be followed. As a result, governments find themselves subject to varying, often contradictory, imperatives.

Coordination for federal states poses particular challenges. The constitutional structure of these states with the many administrative units — federal and regional governments — makes the process of reaching a common position very difficult. This is the case even when the various administrative units agree on the given EU policy. The process becomes even more difficult when there are conflicting interests between the various administrative units.

This article looks into the literature of federal states and EU policy coordination in order to provide an insight into the potential problems and challenges that federal Cyprus will be facing when coordinating and formulating its EU policy. It also proposes measures to counter those challenges, more specifically, the implementation of institutional and administrative reforms as well as the development of a culture of consensus in the conduct of its EU affairs.

The Need to Coordinate

Many believe that effective coordination on the part of governments delivers greater efficiency because it helps reduce conflicting and redundant programs. Also it ensures that scarce public resources are used more rationally for the achievement of policy goals. Furthermore, by reconciling the competing demands of actors inside and outside government or facilitating concerted action, objectives which otherwise may not be realized can be achieved (Kassim, 2001a; Peters, 1998). Yet for governments that are members of the European Union, the need to coordinate is even greater.

The wide and growing competence of the Union in important policy domains as well as the complexity of EU decision-making means that governments need to redouble their efforts for coordination. Member States play for high stakes in the EU arena and decisions taken in Brussels have tremendous consequences for them. The adoption by the EU of legislation that is consistent with existing domestic policy and practices produces positive benefits for a Member State, whereas the opposite would involve 'high transaction costs and a loss of autonomy for the public actors' (Kohler-Koch & Eising, 1999: 281). This means that governments must be able to respond to EU proposals with a unified and coherent voice if they are to defend their national interests effectively and reap the full benefits of EU membership. And they must do so within a complex decision-making environment that is demanding and fast-paced. They must be able to demonstrate to often sceptical publics that they are doing the best they can in EU decision-making bodies to defend issues that are of sensitive 'national interest'. In addition, coordination is required so that public and private actors can pursue effectively the resources that are available from the EU (e.g. structural and cohesion funds).

Coordination is required not only for ensuring that national interests are effectively represented in the EU, but also because of the obligations that the particular structure and decision-making mechanisms of the EU impose on Member States (Kassim, 2001a: 10). Firstly, participation in the Council of Ministers requires that governments must prepare positions at different levels and across different sectors. The increased role of the European Council as the 'constitutional architect', 'agenda – setter' and 'ultimate decisionmaker' of the EU has induced heads of state and government to develop the necessary institutional resources so that the chief executive can deal with the increased flow of business (Hayes-Renshaw & Wallace, 1997). Similarly, the realization that intergovernmental conferences are not just treaty amendments but key events in the integration process, with a considerable political impact beyond the rather technical revisions of treaty paragraphs have induced governments to put particular emphasis on careful organization and coordination in order to rise to the occasion (Edwards and Pijpers, 1997). In addition, effective coordination on the part of national governments is required in order to meet the demands of the Council Presidency, which is held in rotation by Member States for six months. The responsibilities of the office have increased dramatically as the competencies

of the Union have expanded. The Presidency is responsible for formulating its programme many months in advance of taking up office, organizing meetings at all levels of the Council (with the assistance of the Council secretariat), achieving consensus and brokering deals in order to enact legislation, launching strategic policy initiatives, representing the Council in its relations with external delegations, as well as with other EU institutions, managing the Common Foreign and Security Policy and Cooperation on Justice and Home Affairs, and coordinating Member State's positions in international conferences and negotiations in which the EU participates (Edwards and Wallace, 1976; Edwards, 1996). It is in this sense that the official Council guidebook states that "major deployment of the entire national administrative apparatus is required to get the Presidency up and running" (General Secretariat, 1996: 6 cited in Kassim, 2001a: 10).

These pressures stemming from EU membership create an added incentive for governments to establish efficient administrative systems that will ensure that national interests are effectively represented at the EU level. The process of coordination and formulation of EU policy, however, is an extremely difficult task.

The Difficulties of EU Policy Coordination

The European Union is an extremely complex political system, which presents distinctive difficulties for national coordinators. The difficulties of domestic coordination — fragmentation, sectoralisation and policy interdependencies — are accentuated at the EU level, given the distinctive features of the EU régime which complicates the life of national coordinators.

First, the European political order is multi-centered and multi-tiered, fluid, ambiguous and hybrid, with little precise clarification of the competencies of the Union and Member States (Olsen, 1997: 165; Wright, 1996). It is *sui generis* (Kohler-Koch & Eising, 1999: 15)²; it combines elements of an incipient federation, a supranational body, an intergovernmental bargaining arena and an international regime (Wright, 1996: 150). It is not based on a single treaty, a unitary structure, or a single dominating centre of authority and power, but rather on several treaties and

a complex three-pillar structure, organized on different principles and supranational/intergovernmental mixes (Olsen, 1997: 165). The EU system lacks unity and clarity in its institutions and procedures, and its European constitution is confused with no overall principle of organization (Wincott, 1994: 573). Moreover, there is no shared vision and project, nor a common understanding of the legitimate basis of a future Europe (Weiler, 1993). Its membership, its rules, the relationships between, and authority of, its institutions are constantly evolving (Kassim, 2001a; Wright, 1996; Olsen, 1997).

Secondly, the EU policy process is unusually open (Kassim, 2001a; Wright, 1996; Peters, 1994). Despite the Commission's monopoly over the initiation of legislation, items on the EU's policy agenda come from a variety of sources, there are a number of influential policy advocates and entrepreneurs and policy ideas are wider and more dynamic than Member States (Wright, 1996: 151). In addition, multiple actors are involved in decision-making, including the Member States, the EU institutions, other European bodies and agencies, representatives of regional and local authorities and private interest groups (Mazey & Richardson, 1999). Decisions are rarely the result of action on the part of a single actor or institution and interested parties must search for allies and create coalitions in order to influence those decisions (Kassim, 2001a: 12). Yet, in the unstable policy environment of Brussels, alliance building is unpredictable and time consuming and the cleavages that shape coalitions are often cross cutting (Wright, 1996: 152).

The Union's ambivalence touches all aspects of its institutions and is reflected in the absence of a constitutionally defined separation of powers or a tidy division of responsibilities (Kohler-Koch & Eising, 1999) which further complicates the task of coordination (Kassim, 2001a). More specifically, legislative power is shared by two institutions, the Council (representing the 'states') and the European Parliament (representing the 'citizens') and executive authority is spread between the Member States (collectively in the Council and individually) and the Commission (Hix, 1999). Moreover, decision-making is extremely complex with more than twenty different decision procedures (Olsen, 1997: 165) in various policy sectors and subsectors. The power of the institutions vary according to the procedures invoked, and different decision rules generate the need for

different coordination mechanisms and styles (Wright, 1996: 152). In this absence of a stable and generalized system of decisionmaking, the institution to be targeted by national coordinators differs according to the sector and the issue.

Moreover, the EU is characterized by a high degree of institutional fragmentation with the main institutions being internally differentiated, segmented and distinguished by a high level of organizational density (Kohler-Koch & Eising, 1999; Scharpf, 1999; Hix, 1999). The Council has multiplied its formations, its tripartite structure complicated by the addition of new bodies and tiers after Maastricht and later Amsterdam to handle the Common Foreign and Security Policy and Justice and Home Affairs, and coordination has become increasingly difficult (Kassim, 2001a: 14). Also, the Commission is segmented into twenty-four directorates general, each with its own operating style, and there is permanent tension in relations between the political Commission (Commissioners and their cabinets) and the services. The European Parliament is a multiparty chamber, where partisan affiliations cut across the functional allocation of legislative scrutiny between its twenty committees. These bodies interact through a complex web of ad hoc and permanent committees, sub-committees and working groups which are largely responsible for the mass of micro level sectoral decisions and are interwoven with a set of overlapping bargaining networks (Wright, 1996: 151). This elaborate system of committees, known as 'comitology', enables 'national experts' to issue opinions on the Commission's proposed implementation measures (Hix, 1999: 41). Yet their function and status fluctuates over time. In some cases, comitology provides for a separation of powers where the legislators (the governments) can scrutinize the executive (the Commission), while in others it creates a fusion of powers where the Member States enforce their wishes on the Commission, and hence exercise both legislative and executive authority.

Finally, sectoralization is another characteristic of the EU that makes the task of coordination difficult. National coordinators have to contend with various forms of policy-making: *constituent*, in which the basic rules and principles of the system itself are under consideration; *redistributive*, in which the transfer of financial resources from some actors to others is involved; *distributive*, in which Community funds are allocated within sectors; and *regulatory*, in which the Member States agree to adopt common

regulations on the activities of public and private actors (Lowi, 1972; Wallace, 1996). These policy types are dealt with in distinct political arenas, comprised of different actors and governed by different decision rules. Furthermore, they also entail different bargaining requirements (Pollack, 1994: 96). Finally, the scope and pace of policy development vary accordingly (Kassim, 2001a; Wright, 1996).

This complex institutional environment presents significant challenges for national coordinators. A further difficulty for Member States, however, stems from the need to ensure that action taken in Brussels is acceptable at home. Often what may be desirable for domestic policy purposes may not be feasible as an objective at the European level. Some argue that constraints at one level may be transformed into opportunities at the other: 'National bargaining positions in Brussels may be reinforced by invoking "problems back home" while essential but unpalatable politics are imposed on domestic constituencies by governments which readily finger Brussels as the real culprit' (Wright, 1996: 149). The literature offers examples of both scenarios, though the coverage is decidedly in favour of the latter. In fact, 'cases of compromise or humiliating climb down may in reality outnumber instances of successful strategic action on the part of individual Member States but are less dramatic' (Kassim, 2001a: 14-15).

The Challenge for Cyprus

In order to deal with these challenges stemming from EU membership, Cyprus will need to establish new mechanisms or to adapt its structures and procedures to manage effectively its EU policy coordination. At present, EU policy-making in Cyprus is managed jointly by a number of bodies, with different roles and responsibilities (Figure 1). This institutional framework has been designed to support the coordination of Cyprus's EU accession process. The central body within this process is the Office of the Chief Negotiator, headed by former MP Takis Hadjidemetriou.³ It is responsible for: a) the guidance and management of the accession negotiations; b) the supervision and coordination of the harmonization process; and c) keeping the House of Representatives, the private sector, the various organizations and the public at large informed on the progress of the negotiations procedure and the tasks that the accession creates. The Office works closely

with the EU departments of the Ministry of Foreign Affairs and the Planning Bureau as well as with the Law Office of the Republic. The Chief Negotiator has no executive power but mainly coordinates the execution of the various tasks relating to EU accession as well as supervising and conducting the actual negotiations with the European Commission and other Member States. All major political decisions, including the approval of Cyprus's negotiating positions, are taken by the Council of Ministers. In that regard, there is a Ministerial Committee for EU Affairs presided by the President of the Republic and composed of the Chief Negotiator, the Attorney General, the Ministers of Foreign Affairs and Finance, all Ministers who have a vertical competence on any one of the subjects involved in the accession process as well as the Governor of the Central Bank of Cyprus. Senior officials from the departments headed by the members of the Committee also participate in the meetings. The Committee allows the ministers to be informed on all aspects of Cyprus-EU relations and exchange views on various subjects.⁴

The Ministry of Foreign Affairs is another major player in the national coordination of Cyprus's EU policy. Besides its general role of representing the Republic abroad and promoting the Cyprus accession bid in Brussels and the capitals of EU Member States, it also has a horizontal competence regarding EU affairs at home. It participates in the elaboration of proposals for which it provides the necessary political input.

The Planning Bureau, a largely independent body under the Ministry of Finance, is in charge of the coordination of the ministries and other public bodies. It cooperates closely with the Chief Negotiator and the ministries for the preparation and shaping of the various proposals as well as supporting the Chief Negotiator's tasks in the harmonization process. Hence it is acting more as its 'watchdog'.⁵

The Law Office of the Republic is headed by the Attorney General and comprises a division specialized in EU law. It provides the various government services with the necessary legal advice and expertise. It participates in the elaboration of all proposals and examines all the bills related to the harmonization process before they are submitted to the Council of Ministers and then to the House of Representatives for enactment.

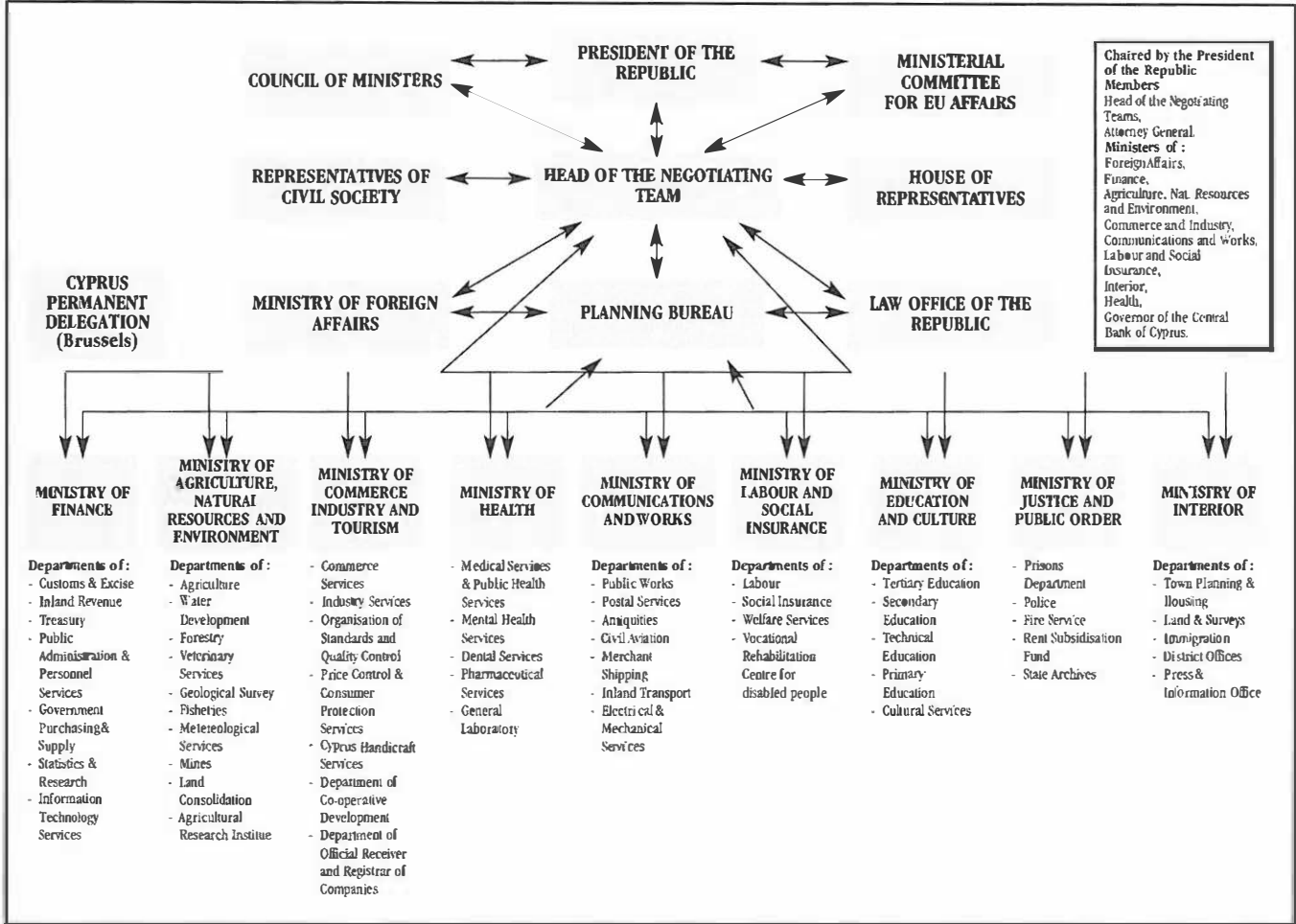


Figure 1

Source: The Planning Bureau

The current institutional framework has been effective enough to support the coordination of the country's EU accession process. Indeed, Cyprus was the first, among the candidate countries, that successfully completed the two phases of the pre-accession strategy: the 'acquis screening' and the 'substantive negotiations'.⁶ As indicated earlier, however, the demands and difficulties stemming from the participation of the state in the decision-making process of the EU will be greater and different in form, and will thus require an adjustment of those structures and even the creation of new mechanisms altogether.

More specifically, there will be a need for the creation of a central coordination committee — a Directorate for EU Affairs — which will manage interdepartmental relations in respect of EU policy. This committee should be able to organize frequent meetings with an agenda that will cover all the issues which will be dealt with in the different EU Councils. The ultimate purpose of the committee is to transmit instructions to the minister who will represent Cyprus in the given EU Councils. Such special administrative committees have been established in virtually all Member States: in France (the SGCI), Spain (the SSEU), the UK (the European Secretariat), Italy (the Department for the Coordination of European Community Policies), Portugal (the DGAC), Germany (the Tuesday Committee), Belgium (the P.11 Committee), Denmark (the special committees and the EC Committee). The representation within these committees depends on the coordinating approach of the state, i.e. centralized or decentralized. For example, in decentralized Belgium, the committee consists of representatives of the Prime Minister, Deputy Prime Minister, representatives of the Minister-Presidents who head the sub-national governments, and officials from the Belgian Permanent Representation. Also present are representatives of those ministers (both federal and subnational) who are responsible for the subjects on the agenda. In centralized France, on the other hand, there are fewer participants as the subnational level has no constitutional rights of access to the country's EU decision-making process. Federal Cyprus should be expected to follow a decentralized approach, whereby, the federal and subnational governments (i.e. the governing authorities of the Greek-Cypriot and Turkish-Cypriot communities) will be appropriately represented within the central coordinating committee. In this sense, the representatives of the two communities will meet under the auspices of this committee and decide on the common position that Cyprus will adopt at the EU level.

Given the importance of EU policy for the two communities, it will not be uncommon for them to disagree even at those early stages of coordination; i.e., the administrative level, on the common stance that Cyprus takes in Europe. This will require the creation of arbitration mechanisms so that such conflicting issues are resolved at a higher level, the political. Again such mechanisms exist in other Member States: Spain has an Interministerial Committee, Denmark a Foreign Policy Committee, the UK a subcommittee for European Affairs ((E) DOP), Greece an Interministerial Committee, Belgium the Interministerial Conference for Foreign Policy (ICFP) and the Concertation Committee, and Germany the Interministerial Committee of State Secretaries on European Affairs (StS) and the Cabinet Committee for European Affairs. In Belgium, for example, the ICFP Committee consists of ministers themselves, not their representatives, and if no consensus is reached, the issue is passed on to the Concertation Committee which is composed of the Prime Minister and the Minister-Presidents of the subnational authorities. If they again fail to reach a compromise, the Belgian representative is unable to take a position during deliberations and Belgium abstains during the vote in the Council. The proposed Annan Plan for a Cyprus Settlement (November 2002; revised later) does provide for an arbitration mechanism regarding EU affairs,⁷ yet it might also be useful to create a formal inter-ministerial committee to arbitrate between ministries in case a settlement is not reached. At present, arbitration between ministries is conducted in a number of venues, including the Planning Bureau, the Presidential Palace or the leading ministry itself. Setting up a permanent venue, however, will give the process a more institutionalized character.

In the scenario whereby Cyprus enters the EU as a federal state, representational system that will determine the composition of national delegation in the various EU Councils will also be needed. Until 1993, federal states were allowed to be represented in the EU Councils only by representatives (ministers) of their federal government, not of their subnational units. In an important decision during the Maastricht Treaty and under the pressure of traditionally strong regions from Belgium and Germany, Member States established Article 203 TEU which enabled governments to delegate their vote in the Council to a ministerial representative of a sub-national tier of government. Since then, federal states such as Belgium, Germany, Austria and Spain have made use of this right and have created such special representation systems. Cyprus will, of course,

work out its own arrangements but it is worth noting again the experience of Belgium that has developed a representation mechanism that might also be useful for the Cyprus reality.⁸

The Belgian system is based on two principles: mixed delegation and rotation (Figure 2). Representation in the Councils of Categories I and IV is the most straightforward. These Councils deal mostly with issues that fall within the exclusive competencies of the federal state (Category I issues such as economic and financial issues in Ecofin) or within the full competencies of the subnational entities (Category IV issues such as culture and education). In the Councils of Category I, Belgium is represented only by members of the federal government, whereas in the Councils of Category IV, Belgium is represented only by members of the subnational entities. Representation in Councils of Category II and III is more complicated. In the Councils of Category II, dealing mostly with matters that belong to the competencies of the federal state but where the subnational authorities have some supplementary powers (e.g. agriculture and environment), the Belgian delegation will be headed by a member of the federal government and assisted by a member of one of the sub-national governments. In the Councils of Category III, dealing with matters that fall within the jurisdiction of the subnational entities but where the federal state has kept some supplementary powers (e.g. research and industry), the leader of the delegation is a member of one of the subnational governments and the assessor will be a member of the federal government.

The question of which of the subnational governments will represent Belgium in the Councils of Category II, III, and IV is regulated by a fairly arbitrary rotation system.

Figure 2

Representation of Belgian Authorities in the Council of Ministers

Category	Type of Council of Ministers	Examples of Council of Ministers	Example of issues	Representation
I	Exclusive federal competencies	General Affairs ECOFIN Budget Telecommunications Development Cooperation	'Municipal Voting' directive	Federal government
II	Shared competencies with a dominant federal share	Agriculture Internal Market Public Health Energy	'Tobacco Advertising' directive	Head of delegation is the federal government assisted by someone from the subnational entities (dependent on rotation)
III	Shared competencies with a dominant subnational share	Industry Research	Proposals concerning the restructuring of the steel industry	Head of delegation is someone from the subnational entities (dependent on rotation) assisted by someone from the federal government
IV	Exclusive subnational competencies	Education Tourism Land Use	'Television without Borders' directive	Someone from the subnational entities (dependent on rotation)

Adapted from: Kerremans & Beyers, 1997.

For every Council, it is indicated which government will be in charge for a specific period of time. At the end of every six-month rotation period there is a change in the subnational representation. This list allows Belgium's EU partners to know who will represent Belgium in that particular Council during that particular rotation (Kerremans, Beyers & Bursens, 2000: 14-15).⁹

Furthermore, individual ministries will also need to establish special EU units to coordinate European business internally, to consult other interested ministries, and to represent national interests in negotiating in Brussels. Special posts will need to be created within each ministry for officials who will be responsible for the coordination of EU affairs within the ministry as well as between other ministries. At present, while each ministry has small teams consisting of two to three officials responsible for the harmonization process, institutionalized EU units exist only in the Ministries of Foreign Affairs and Finance.¹⁰ While the need to establish such units in all ministries has often been brought up by government officials, who cite their increasing workload in this area, the issue is stalled due to the shortage of personnel and sometimes lack of political will to make any further administrative changes before accession.¹¹ Yet upon accession, such units will be vital for the overall efficiency of the coordination mechanism of the state. Moreover, upon full membership there will also be a need for national ministries to adjust their personnel policies to support, for example, the recycling of officials through Brussels, look to recruit officials with appropriate language skills, and introduce special training programs. With respect to the latter, the budgeting for personnel and training to departments has not been conducive to the even development of European expertise across the Cyprus government. Figures indicate that some ministries, such as that of Finance, Agriculture, and Justice and Public Order absorb the vast majority of funds allocated for these activities.¹² This will surely need to change upon accession. Finally, in the case that Cyprus enters the EU as a federal state, it might also be useful to designate officials at the federal level who will be responsible for coordinating EU affairs between the federal and regional ministries and between these ministries and the European Commission. Again, one can take note of the examples of other federal states which have created such posts (example: the *federal correspondent* in Belgium and the *Europa-Beaufragter* in Germany).

Moreover, serious consideration should be given to the thought of establishing a post of a junior minister for European Affairs. This post has

been created in virtually all Member States though their power and status varies greatly. Some are senior civil servants, others are politicians with a rank of a Secretary-General of Ministry, others are Minister-Delegates attached to the Minister of Foreign Affairs, and others again are directly responsible to the Prime Minister. In most Member States, these officials have the greatest knowledge of European issues than anyone else in their governments but they do not always carry enough weight to have these issues put high on the agenda. Also, with few exceptions, European ministers do not have the authority to represent their governments at the EU level. There have recently been proposals from Gerhard Schröder to create a uniform system throughout Europe of Ministers for European Affairs who will be able to represent their country in a newly formed Council of the Union that will deal with European issues. The purpose of this post is to complement the Ministers of Foreign Affairs who may have a global vision of Europe but can no longer maintain an in-depth knowledge of European issues as their responsibilities are much broader in scope, and whose role of coordination of EU affairs is now complemented by other ministers (Finance, Economics) whose outlook is rather particular. Also, the aim of a Council of Europe Ministers is “to help prevent rows between EU governments and the Commission as it would introduce an early warning system to react to the Commission’s proposals at an incipient stage” (European Observer, October 2002). While the provisions of Annan’s plan foresee the creation of such a post, the present Cyprus constitution does not. In case a settlement is not reached by the time of accession, there might be a need to find other legal paths to institutionalize such a post so that the country remains in course with the administrative reforms taking place in the rest of the Member States.

The idea of establishing a special unit/secretariat of EU affairs within the Presidential Palace of Cyprus should also be explored. At present, no such unit exists and the President is supported in his role of providing the general guidelines of the state’s EU policy by a small circle of officials consisting primarily of the Ministers of Foreign Affairs and Finance, the Chief Negotiator, the Head of the Planning Bureau, the Attorney-General as well as a few selected advisors (not necessarily members of the government).¹³ However, the whole process of EU policy-making within the Presidential Palace is quite ad hoc and no formal body or permanent staff exist. This lack of a formal administrative framework is perhaps a result of the fact that the

demands conveyed upon the President during the pre-accession process were met with these arrangements. This will surely change, however, as EU membership will require that the President be engaged in a more routinized role in EU decision-making, assembling regularly for meetings of the European Council and taking the lead in Inter-Governmental Conferences.¹⁴ Moreover, the salience of EU policy for domestic policies will necessitate the development of an early warning system within the Presidential Palace in order to alert the administration to possible dangers, as well as crisis management mechanisms in order to ensure that politicised issues are dealt with effectively. Such mechanisms already exist in other Member States and Cyprus will most likely need to follow that pattern sooner or later.¹⁵

Institutional changes will also be necessary in order to enhance the role of the national parliament in the state's EU policy-making. Some steps in the right direction have already been made, more specifically, with the establishment of a special Committee for European Affairs in May 2001.¹⁶ The purpose of this Committee is to examine EU relevant bills and regulations, whereby, by its approval, the House can apply a fast track procedure to adopt them in the plenary. Over the last year, the parliament has adopted the majority of *acquis*-related laws and regulations in this way. In addition, the House has established a European Affairs Department consisting of legal officers who have received specialized training in European law, in order to assist the members of the European Affairs Committee in their task. These measures are significant to the extent that upon accession they would achieve the following: a) that they ensure the parliament the right for early and comprehensive information about legislative proposals of the Commission debated in the Council; b) that they provide the parliamentary committees the tools to achieve an effective role in the EU decision-making phase of the Council as well as parliamentary control over decisions taken by governments. Anything less than this will surely undermine the role of the parliament in shaping the country's EU policy.

Efforts should also be made in order to include interest groups within the EU decision-making process of the state. Trade unions, trade associations, industrial lobbies, farming lobbies, employers' organizations etc., will need to be provided with formal channels of communication with the government so that their interests are incorporated to the greatest possible extent within the state's negotiating stance in Brussels. Failure to do so will

leave the government exposed and vulnerable to criticism especially upon the adoption of an EU proposal which was unpopular among these groups.

Reforms should also take place in the representative institutions of the state at the European level; i.e., the state's Permanent Representation to the EU. The importance of this body cannot be emphasized enough. It will constitute the formal link between the national capital and Brussels and will be the key institution as far as the conduct of the state's EU policy at the European level. As Wessels and Maurer observe, the Permanent Representation operates 'not only *between* Brussels and their country, but also *within* a set of EU institutions (Council Secretariat, Council substructures, other permanent representations, Commission cabinets, Directorate-Generals, European Parliament, parliamentary committees, political groups, Committee of the Regions, ECOSOC) as well as third countries and organizations' (Wessels and Maurer, 2001: 102). In that regard, the number of staff in the Permanent Representation is important but so is the spread and depth of their expertise. The ability of these Brussels-based officials to collect information, persuade negotiating partners of the merits of the national position and build coalitions will be crucial as far as advancing the interests of the state. The Cyprus government established a representative institution in the EU since the early 1970s.¹⁷ That delegation handled both the country's bilateral relations with Belgium as well as its relations with the EU. In 2000, and in an effort to prepare the country for accession, the delegation was divided into two bodies: the Permanent Representation of Cyprus to the EU, and the Cypriot Embassy in Belgium. Since then, the Permanent Representation has been increasingly allocated with more resources to perform its functions (Figure 3). At present, nearly all ministries have attachés within the Permanent Representation in addition to two attachés from the Planning Bureau and the Legal Service of the Republic.¹⁸ However, it is admitted by the Permanent Representation that a significant reinforcement of officials will be required in order to meet the demands of formal accession.¹⁹ There will also be a need for a re-organization of the working methods of the body at both the domestic and EU level. For example, during membership negotiations, the mission's output was very focused. The negotiations tended to concentrate on a limited number of topics at any given time. This allowed the mission to act exclusively through its foreign service members, while those ministries already represented in the mission were restricted to providing input into the negotiations.²⁰

Figure 3

Composition of the Cyprus Permanent Representation to the EU

	Number of Staff				
	2000	2001	2002	2003	2004
Ministry of Foreign Affairs*	6	6	8	11	11
Ministry Finance	1	1	1	2	2
Ministry of the Interior	0	0	1	1	1
Ministry of Labour and Social Insurance	0	0	0	1	1
Ministry of Defence	0	1	1	1	1
Ministry of Justice and Public Order	0	0	0	0	0
Ministry of Education and Culture	0	0	0	0	0
Ministry of Commerce, Industry and Tourism	2	1	1	2	2
Ministry of Health	0	0	0	0	0
Ministry of Communications and Works	0	1	1	1	1
Ministry of Agriculture, Natural Resources and Environment	1	1	1	3	3
The Planning Bureau	0	0	1	1	1
The Legal Service	0	0	0	1	1
TOTAL	10	11	15	24	24

* Including the ambassador and his deputy

Source: *The Cyprus Permanent Representation to the EU.*

Upon membership, however, the Permanent Representation will need to adapt to the working methods of the Council of the EU. This may require that the Permanent Representation be further enlarged, external relations be no longer monopolized by diplomats, and a flexible pattern of work-sharing be developed between the ministries in Nicosia and the Permanent Representation.

Finally, there will also be a need for a more clear definition of the role and influence of the Permanent Representation in deciding the negotiating stance of the state and participating in the structures of domestic coordination. At present, the Permanent Representation does not formally participate in the domestic coordination process and its role is mostly confined in receiving and executing the instructions from the national capital.²¹ Upon membership, however, it should be considered whether officials of the Permanent Representation attend the weekly meetings of the Directorate for EU Affairs and in fact have the power to influence the negotiating stance, arbitrate between ministries, and in the case of federal Cyprus, between communities. This is a practice which is common to several Member States (e.g. UK, Sweden, Belgium, Austria) as it is believed that greater involvement in shaping their instructions increases the effectiveness of these officials when defending the common position of the state at the EU level (Kassim, 2001b; Mazey, 2001; Kerremans & Beyers, 2001; Muller: 2001).

Conclusion

The accession of Cyprus in the EU will confront the country with significant administrative and institutional challenges. Reforms will be required in the institutions of the state at both the domestic and EU level, and in some cases, there will be a need for the establishment of new mechanisms. Creating a central coordination mechanism, an arbitration committee, a representational system at the EU level, special EU units and posts within ministries, enhancing the role of the national parliament and the Permanent Representation in the domestic coordination process, as well as increasing the latter's resources at the EU level, will be some of the absolute necessary changes that will need to be implemented before or immediately after accession, if the state is to meet its responsibilities in the EU. Apart from that, it will be up to the state's law-makers whether they deem necessary at some point in the future to create new institutions such as that of the Ministry of European Affairs as well as an EU Secretariat within the Presidential Palace. Experiences from other states, however, large and small, have indicated that such institutions increase the capacity of the state to deal with the overwhelming demands of EU membership.

In the case that Cyprus enters the EU as a federal state, it will also face the challenge of reconciling the often conflicting interests of the two communities in the conduct of its EU policy. The participation of Cyprus within the EU decision-making bodies will require the Greek-Cypriot and Turkish-Cypriot communities to coordinate a common position. That position will need to be coordinated fast, and more importantly, to be coherent. A small state like Cyprus cannot afford to speak with two voices in the European Union. Its interests can only be effectively represented at the EU level when the two communities lobby for the same goal. In the EU policymaking arena of constant bargaining, lobbying and coalition building — an enterprise that one Belgian official described as an ‘oriental bazaar’ — a state needs to solve its internal disagreements and formulate its common position early enough so as to concentrate its efforts at the EU level where the real game is played. It needs to have a clear and coherent position, knowing exactly what its aims are at the EU level, so that it can devise a strategy and take those measures, for example, lobby and gather support from other Member States, in order to achieve those aims.

Undoubtedly, there will be conflicts of interests between the two communities on certain EU issues. Hence the importance of an institutional environment whereby these conflicts are kept to a minimum. Putting in place a coordination system that will foster consensus between the two communities is a start. Such a system will need to clearly define the competencies and jurisdictions of the federal and sub-national governments for preparing, representing and negotiating Cyprus’s EU policy. It will also need to provide for consensus-building mechanisms similar to, for example, that of the *ICFP* and *Concertation Committee* in Belgium. Moreover, the federal government of Cyprus will need to act as a unifying force for both communities. There should be a conscious effort from the part of the federal government to cultivate an environment of consensus and cooperation between the two communities when it comes to dealing with EU issues. Again, the role of the Belgian federal government as a mediator between the Flemish and Francophone communities is an example to take notice.

Above all, however, the two communities will need to be politically willing to work out their differences when it comes to dealing with EU issues. There needs to be an understanding that they have much more to gain collectively from reaching consensus on EU issues rather than insisting on hardline

positions. On some issues joint-interest and self-interest will converge between the communities, on others it will not. In the issues that the two communities disagree, there will be a need for a compromise — a practice that is essential in every successful partnership. In those cases, the two communities will need to be looking at the bigger picture and be aware that, in the long run, their individual interests are better served by acting as a single, rather than two separate units, within the EU framework.

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NOTES

1. Though, as Wright observes, 'the various levels of coordination may be usefully distinguished for analytical purposes, but, in practice, they intertwine in constant fashion' (1996: 149).

2. The characterization of the EU as *sui generis* was first used by neo-functionalists such as Ernst Haas (1958) and Leon Lindberg (1963).

3. Up until 2002, the office was headed by Dr. George Vassiliou, ex-President of the Republic.

4. However, since its creation in 1988, the EU Ministerial Committee has only been activated four times, once in each Presidency (Interview with Panicos Poulos, Permanent Secretary of the Planning Bureau, 7 January 2004).

5. Interview with Panicos Poulos, Permanent Secretary of the Planning Bureau, 7 January 2004.

6. The former refers to the examination in great detail of the degree to which the body of law, institutions and procedures of the candidate country comply with those of the EU, that is with the *acquis communautaire*. The latter refers to the negotiation of transitional arrangements or derogations.

7. Article 3.2 of the Cooperation Agreement on European Union Relations provides that in case of a disagreement between the subnational governments on the common position of the state, a Coordination Group will coordinate and formulate that common position. The Coordination Group will consist of a representative of each of the members of the Presidential Council in charge of Foreign Affairs and European Union Relations, and a representative of each subnational government (The Annan Plan, Draft Annex IV, Attachment II: Cooperation Agreement on European Union Relations).

8. The repeated reference to Belgium is explained by the fact that its bi-ethnic social structure (i.e. the Flemish and Francophone community – the German community is very small) and the dynamics of conflict that underpin its society (i.e. linguistic, religious and socio-economic cleavages) is closer to the Cyprus reality than any other federation. Other decentralized states such as Germany, Austria and Spain have large numbers of subnational units and do not have bi-ethnic social structures.

9. The relevance of the Belgian representation model for the Cyprus reality has been recognized by the drafters of the Annan Plan as is evident in its provisions. Echoing the Belgian representation model, the Plan foresees the following: a) on issues that exclusively or predominantly fall within the competence of the federal government ('the common state'), the United Republic of Cyprus will be represented in the EU by a representative of the federal government; b) on issues that exclusively or predominantly fall within the competence of the subnational governments (the 'component states'), the United Republic of Cyprus will be represented in the EU either by a representative of the federal government or by a representative of the subnational governments, which will be appointed by the Presidential Council upon suggestion of the Coordination Group (The Annan Plan, Draft Annex IV; Attachment II: Cooperation Agreement on European Union Relations).

10. Interview with Petros Eutyhiou, Head of EU Unit, Ministry of Foreign Affairs, February 9, 2004.

11. Interview with George Georgallis, Head of EU Team in the Ministry of Interior, and Marios Papagiannis, Head of EU Team in the Ministry of Agriculture, February 10, 2004.

12. For example, for the year 2003, 663 Cypriot ministerial civil servants participated in overseas training programmes conducted through Bilateral Cooperation Agreements, the TAIEX, the Third Pillar programmes and the Twinning programmes on institution buildings. Nearly half of these participants originated from the mentioned ministries (Internal Documents of the Planning Bureau). On the same year, 669 Cypriot ministerial civil servants participated in domestic training programmes conducted by the Cyprus Academy of Public Administration with the aim of acquainting them with the EU structures and policies. Again, the mentioned ministries occupied the majority of these positions (Internal Documents of the Cyprus Academy of Public Administration).

13. Interview with Michael Attalides, former Permanent Representative of Cyprus to the EU and currently Dean of School of Humanities, Social Sciences and Law of Intercollege, Cyprus, 28 December 2003.

14. In the case of a federal Cyprus, the Annan Plan foresees that the state will be represented in the European Councils and IGC's by the Ministers of European Affairs and Foreign Affairs, each of them representing one community and both of them members of the six person strong Presidential Council (The Annan Plan, Draft Annex I, Part IV; Article 26.3, Article 27.1).

15. In the UK, for example, the Prime Minister is supported by the European Secretariat, the Foreign and Commonwealth Office, and advisers in the Prime Minister's Office or the Number 10 Policy Unit (Bender, 1991; Bulmer & Burch, 1998). In Germany, support for the Chancellor is provided by the Chancellor's Office (Derlien, 2000: 60), and in Denmark a special committee is convened to assist the Prime Minister in preparing for European Councils and Inter-Governmental Conferences (Pedersen, 2000: 223).

16. European Commission (2002) *Regular Report on Cyprus's Progress Towards Accession* (2002), COM (2002), 700 final.

17. Titos Phanos acted as the first Permanent Representative of Cyprus to the EU.

18. In case of a federal Cyprus, it is expected that the two communities will also have their representatives within the Permanent Representation.

19. Interview with H.E. Theofilos V. Theofilou, Permanent Representative of Cyprus to the EU, 12 January 2004.

20. Interview with H.E. Theofilos V. Theofilou, Permanent Representative of Cyprus to the EU, 12 January 2004.

21. Indeed, the Ambassador meets on an ad-hoc basis with the President and the Foreign Minister and desk officers in the Permanent Representation have regular phone contacts with their correspondents in the line ministries, yet their role is confined in servicing the needs of the lead department in the capital and advancing the position agreed in interdepartmental forum.