The South-East Energy Corridor Connecting Greece and Cyprus; How Feasible, how Viable?

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Abstract:

The aim of this paper is to investigate both the feasibility and the viability of the prospective South-East Energy Corridor and the cumulative effects for the region and the countries involved. In less than a decade the Southeastern Mediterranean is at the center of the global oil industry's concern by shaping new geopolitical balances due to new potential reserves in the EEZ's of Cyprus, Israel and Egypt. The paper focuses on the positive effects from the development of a South-East Energy Corridor that directly connects the East Mediterranean resources to Greece via Cyprus and Crete with both short term and long term benefits. This is translated into returning of the lost Markets' trust, especially in a region that has been under European financial supervision in the previous years, as it refers to Greece and Cyprus. In the long term, the Project will enable the development of an Energy Cluster in the South-East Europe targeting at the exploitation of natural resources, providing geopolitical sustainability at the same time.

Key Words: *Cyprus, Greece, Energy Corridors, Pipeline Networks, East-Med Project, LNG Terminals*

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1. Introduction

Energy has always been a key component of enhancing European sustainability and welfare. Since 2008, global economy has entered into a new era of economic –in-stability, where globalisation faces protectionism and transnational relations are tested while, in Europe, a new factor called Energy Geopolitics is emerging.

The region of the South-East Mediterranean holds the lion's share of world interest as recently potential gas deposits in the Levantine Basin came into light. Under this scope, different Energy Policies come to the forefront as there is a vast necessity to ensure Europe's energy independence in turbulent times. Europe needs to adopt a steady geopolitical direction that would pave the way in this new era by reducing its energy dependence from Russia.

In the forthcoming lines, the most important components of the existing European pipeline network are being analysed. The promotion of a specific South-East Energy Corridor that connects Greece and Cyprus in terms of economic and geopolitical feasibility is also highlighted, as European Union seeks to enhance its gas security of supply by implementing a strategy of diversification of counterparts, routes and sources.

A South-East Energy Corridor may create conflicted interests in the region -that should be seriously taken into account- but, long term benefits for all the stakeholers involved are being acccumulated. The South-East Mediterranean could become a major global energy hub supported by a Creek-Cypriot Maritime Cluster in terms of transportation. In order for all the above to become reality, the region must attract investments and provide incentives for energy companies through a flexible and friendly business framework.

2. The European Energy Sector

2.1 Facts and Figures

For the fiscal year of 2015, European Union holds 12.4% of the world's energy consumption, reaching almost 1631 million tons. Moreover, in order to support its heavy industry, EU adopts a diversified energy policy that includes the use of oil, natural gas, coal, nuclear energy, hydroelectricity and renewable energy -biofuels etc.

Oil and natural gas account for 59% of energy consumption in Europe (BP Statistical Review of World Energy 2016*)*. It needs to be pointed out though, that EU's energy consumption levels have been declined in the last decade by 10.4%, due to certain reasons, such as the economic recession, supply disruptions of Russian gas but most importantly, due to the increasing share of renewables in power generation and also hydroelectricity. European Union's change of direction towards Green Energy Projects is clearly depicted.

Global economy seems to enter in a recovery mode period and European Economy follows. The global GDP growth for 2015 stands at 2.5% and European GDP growth for the same year stands at 2% respectively (UNCTAD Review of Maritime Transport 2016*)*. As a result it should be highlighted that in the last couple of years, EU's energy consumption levels are again on the rise, by achieving a 1.6% growth on a year-to-year basis.

Table 2. EU's Energy Consumption Levels 2014 vs 2015 (in mil tonnes)

Type of fuel	**2014**	**2015**	**% change**
Oil	591.2	600.2	+1.5%
Natural Gas	346	361.9	+4.6%
Renewables	118.3	136	+14.9%
Total	**1605.7**	**1630.9**	**+1.6%**

Source: BP Statistical Review of World Energy – June 2016

2.2 European Gas Demand

Gas is an essential component of the energy mix of the European Union by constituting 22% of primary energy consumption and contributes mainly to electricity generation, heating and fuel for industry and transportation (Hafner and Tagliapetta 2013). European gas demand have plunged from a peak of almost 500 bcm in 2010, to 384.5 bcm in 2014 but, in 2015 performed better, at 402.1 cbm. As far as the short term outlook is concerned, gas for power in Europe seems to be in a modest process, based on the economic recovery of the Union.

Dispite the current difficulties, many analysts project that from 2020 onwards gas can well make a comeback in European Union's energy needs. The consecutive shutdowns of coal plants and the optimization of drilling costs -in contrast with a decade earlier- bring natural gas on the forefront. Moreover, gas might well play an increasing role in the transportation sector, as a fuel for trucks and vessels (LNG).

EU holds only 0.7% of world total proved gas reserves. If the analysis process into a wider region - Eurasia for example holds 30,4% of world proven gas reserves - it comes as no surprise that Europe targets on specific regions in its eastern borders in order to ensure the replacement of its energy deficit.

In 2015, European Union's natural gas trade movements that took place by pipeline stood at 401,4 bcm (88% market share) while the LNG imports –via LNG vessels- stood at 55 bcm (12% market share). EU's natural gas imports via pipelines, mainly from Russia and Norway, accounted for 160 bcm and 110 bcm respectively, while in terms of LNG imports, Qatar supplied 27.8 bcm and Algeria 13.1 bcm.

This high level of dependency on a small number of –external- suppliers has generated a broad debate over the years in Europe on the issue of gas supply security (Pelaghias 2012). Actually, in 2008 the EU launched a strategic plan about the diversification of gas supplies, by taking into deep consideration the new status-quo that emerged after consecutive natural gas crises -2006 and 2009- caused by Russian-Unkranian disagreements about pricing, that affected the reputation of Russia as reliable supplier of Europe.

3. Existing and Future Pipeline Networks in Europe's Eastern Territory

Natural gas supply to Europe is currently taking place through four pipeline networks:

- The "Nord Stream Project" (transitted 23,8 bcm in 2013)
- The "Yamal-Europe" through Belarus (transitted 37,4 bcm in 2013)
- The "Blue Stream Project (transitted 14,7 bcm in 2013) and,
- The "Urengoy-Uzhgorod" through Ukraine (transmitted 83,9 bcm in 2013)

Gazprom intends to abandon gas supplies to Europe through Ukraine after 2018 and the "Urengoy-Uzhgorod" Project that now holds 51% of gas supply through pipelines to Europe, must somehow be replaced by other forthcoming projects (Tass Russian News Agency 2017). For example, Russia promotes the "Turkish Stream Project" -ex. South Stream-, a pipeline that will transfer gas from Russia to Turkey's Eastern Thrace with a capacity of 64 bn cbm per annum. Then, the EU should construct the rest of the pipelines network by itself. Moreover, five european energy companies have recently signed financing agreements with Gazprom about the "Nord Stream

2 Project" (Muller 2017), a 1.2 km pipeline that would transfer 55 bcm of Russian Gas through Baltic Sea, to Germany. The total cost of the Project is estimated at 9.5 bn $.

At this point a question raises and has to do about whether EU trully wishes a change in its energy policy direction towards new potential gas reserves in SouthEast Mediterranean, instead of Russian gas supplies (Tagliapetra 2016: 90-108).

TANAP & TAP Pipeline Projects

Another pipeline network which is proved to be competitive to a South-East Energy Corridor is the over-promoted "Trans-Anatolian Natural Gas Pipeline -TANAP" that would transit gas from Ajerbaijan's eastern edge of the Caspian Sea -Shah-Deniz field- to Italy's southeastern shore, connected with Greece's "Trans Adriatic Pipeline -TAP" (Barden 2014). Ongoing operations to build TANAP, are to be completed by 2019 and will cost roughly $10 billion. The 2.000 km long pipeline will have a carrying capacity of 16 bcm per year, of which 6 bcm will be consumed by Turkish consumers and the rest, about 10 bcm, will be delivered to European countries via TAP. At a second stage, TANAP is planned to increase deliveries up to 24 bcm.

As it refers to Trans Adriatic Pipeline, this project was also selected by the Shah Deniz consortium in order to carry gas to Europe from Turkey's western border. The pipeline is designed with an initial transport capacity of 10 bcm annualy, having a combined length of 682 km onshore and 105 km offshore. It is estimated that the construction cost of the pipeline will be about $ 5.3 billion (Liaggou 2016).

Balkan Interconnectors

Bulgaria, Romania and Serbia plan to expand their gas infrastructures, especially, gas interconnectors, in order to avoid future gas disruptions and increase their energy security. The region will be supplied with new natural gas quantities transited from the TAP pipeline or other forthcoming projects such as floating LNG terminals –FSRU- in Northern Greece. The Production/Consumption Index of the Region stands at 19%, as the region is a major gas importer (Sofianos and Stambolis 2015).

4. Feasibility of a South-East Energy Corridor in Europe

European Union strongly promotes the enhancement of its Internal Energy Market in order to foster natural gas flows between EU member states, but most specifically it studies the promotion of a South East Gas Corridor, based on potential resources of the Eastern Mediterranean Region.

The official document on which the Southern Gas Corridor is based is the "Second Strategic Energy Review-an EU Energy Security and Solidarity Action Plan" (European Commission 2008). In this document the South-East Gas Corridor is recognized as one of the EU's highest energy security priorities in order for the EU to enhance its supplies via diversification of counterparts, routes and resources.

In 2009, Noble Energy Inc. discovered the first major gas deposit in the EEZ of Israel and in less than a decade the Southeastern Mediterranean is at the center of the global oil industry's concern by shaping new geopolitical balances. But, in the years followed, the drilling operations that took place in certain fields -Aphrodite, Leviathan and others- did not reveal a sufficient amount of reserves that would ensure a steady gas supply to Europe.

In 2017, as global oil prices are on the rise and the drilling technology has been updated in a cost-saving direction, the South-East Mediterranean Region draws again the attention of the major energy players like Total, Statoil, ENI, Exxon Mobil, BP, Rosneft and Qatargas in the light of new potential reserves in the EEZ's of Cyprus, Israel and Egypt (Bliss 2017).

The promotion of a South-Eastern Mediterranean Gas Corridor faces great competition from the aforementionded pipelines network (De Micco 2014: 21-23).

4.1 The EastMed Project

The Eastern Mediterranean (EastMed) pipeline project refers to the construction of an offshore/onshore natural gas pipeline that connects directly Eastern Mediterranean gas resources of Cyprus and Israel to Western Greece via Cyprus and Crete. The fulfilment of the Project demands the additional construction of "The Poseidon Pipeline" that will connect Epirus Region (North Ionian Sea) with the Italian Region of Otranto. The project is being currently designed to transport up to 16 bcm annualy, through 1.300 km of offshore pipeline and 600 km of onshore pipeline (Baconi 2017).

In May 2015, the European Commission declared the EastMed Pipeline as a Project of Common Interest –PCI- included in the second PCI list among other Southern Gas Corridor Projects (European Commision 2015). There is an ongoing feasibility study about technical and commercial issues of the Project which is going to be realised at the end of 2017 (European Commision 2016). The Project was also awarded in 2015 with European grants of 2 million euros.

4.1.1 Contribution of an EastMed Pipeline

It sould be clearly stated that EastMed's Project viability exclusively refers to joint exploitation of gas reserves of Israel -Leviathan 476 bcm- and Cyprus -Aphrodite 165 bcm- in the Levantine basin. If new massive deposits will be explored during 2017 operations, then a variety of export options could be implemented in order to create a reliable and safe transmission network, capable of meeting part of Europe's current and future needs.

The construction of an EastMed pipeline enhances European security of gas supply, in terms of developing EU's indogenous resources. Greece and Cyprus are devoted to the principles of EU, consisting important pillars that provide sustainability in a very fragile region -political unrest in Turkey, Syria Civil War etc.

Furthermore, the EastMed pipeline provides confidence about the initial capital investment needed for the Project to become operational. It is common sence that the majority of big energy companies' stakeholders and certain political leaderships through Europe, under no occasion want to see Turkey's conversion into a major energy hub and Europe's energy needs to be determined by Mr. Erdogan's wills (Ellis 2017).

New transnational energy cooperations arise in terms of EastMed interconnections with other pipelines. For example, a new LNG terminal is being promoted in the port of Crotone in SE italy, the first in the region, that will boost the local steel industries. This latest development is part of a huge European Plan for gas promotion in South Italy.

Potential reserves in Southern Crete and Western Greece (Mavromatidis 2011) have drawn the attention of major energy companies like Exxon Mobil, ELPE and Energean Oil/Gas by signing offshore licensing rounds about drilling explorations in Western Greece (Liaggou 2017). In particular, Total, one of the top-6 energy companies worldwide has entered into an exploration agreement about Block 2, west of the island of Kerkyra in cooperation with the Italian Eni, and other explorations are going to follow in Block 10 in NW Peloponisos. Drilling operations will start at the end of 2018.

It needs to be mentioned that from the twenty potential blocks of Greece's EEZ available for drilling operations, nine of them are included in the southern region of Crete (Maniatis 2014). According to Spectrum's report in cooperation with Greek geophysical company ION, the estimated value of the reserves between Libya and Crete, reaches $ 600 bn (Konofagos and Fokianou 2017).

All things considered, 2017 is a milestone year as the interest of major energy companies for the region has been revived. If giant gas deposits are discovered in the aforementioned fields, the EastMed pipeline will be more feasible than ever as Greece will not only become a major energy hub but also, an important producer in SouthEast Europe. In the long term, higher production volumes from Greece may provide EU the appropriate incentives to be disengaged from Russian Energy.

4.1.2 Steps to be taken in order for the EastMed Pipeline to become Viable

The cost of constructing EastMed Pipeline is the main obstacle that needs to be overcome by the involved stakeholders. The project demands a high capital investment of about $ 4-6 billion due to certain technical challenges such as the unprecedented depth of 3 km in Southern Crete that the pipeline must reach. High infrastructure costs would jeopardize the final gas prices that will have to rival the cheaper Russian gas, creating a very challenging condition (Tsakiris 2014;15).

At this point, the contribution of EU is crucial. European Investment Bank –EIB- is the most important source of financing the promotion of strategic infrastructures. In 2014, the EIB disbursed almost $77 billion of which $12.8 billion went towards energy projects, representing 16.6% of EIB's portfolio (Giamouridis and Tsafos 2015: 9-14). It should be highlighted that there is huge potential for EIB to raise the share of financing energy projects in order to draw the attention of other private investors.

EastMed Project faces competition from many similar existing or planned energy projects. It is of massive importance for the beneficiary countries to proceed in joint efforts promoting the project. Therefore, in April 2017 Israel, Greece, Cuprus and Italy signed a preliminary agreement (EURACTIV 2017) to commence preparations for the construction of the pipeline that is hoped to be completed by 2025. Stakeholders support that EastMed Pipeline is a project that unites, as Cyprus and Israel are very reliable suppliers and this is the main reason why it must be supported by all the members of the European Union.

Elimination of bureaucracy, especially in Greece, must be adressed by creating a friendly and safe investment environment (Mathios 2015), with the minimum requisite state control and short term offshore licensing rounds. For example, a licencing round in Greece may last two and a half to three years while in Cyprus it is completed in nine months. The Cypriot method tends to be profitable, as Cyprus in May received 103,5 mil euros from signature bonuses with major energy companies.

Strengthening of Greece's diplomatic stance towards a re-approachement with Israel, in order to convince its interlocutors about the cumulative economic effects stemmed from the operation of East Med, instead of Israel's official preference of building an underwater pipeline that will transfer gas to Turkey (Nasi 2017).

Finally, an aspect that must be adressed by the EU has to do with Turkey's ambitions (Richert 2016: 47-63) in the region southwest of Cyprus, as it was recently adressed to the UN (Ignatiou 2017). According to Ioannis Kasoulidis, Cypriot Minister of Foreign Affairs, Turkey should understand the energy interests of oil major companies in the region (Kasoulidis 2017). In any case, Europe must pave the way towards a mutual compromise between the involved countries and Turkey, as it refers to energy interests.

4.2 Alternative Benefits of a SouthEast Energy Corridor; Operation of LNG Plants between Greece and Cyprus

In 2010 Noble Energy and Israel's energy company Delek proposed the construction of underwater pipelines linking Leviathan gas deposits and those in Aphrodite's field with Vassilikos LNG plant, a terminal with annual capacity of 6.8 bcm annualy (Cypriot Ministry of Energy 2015). The above in combination with Revythousa LNG Terminal -5.2 bcm capacity annualy- and the construction of a Floating LNG Terminal –FSRU- promoted by Gastrade in Alexandroupolis (Reuteurs 2015), having an annual capacity of 6.1 bcm and in close proximity to the national pipeline network (Dokos 2016: 39), creates a huge potential for establishing a Greek-Cypriot Maritime Cluster.

If the new round of drilling operations during 2017 reveals new massive gas reserves in Greek and Cypriot fields, parallel exports of natural gas -via pipelines or LNG vessels- should not be excluded. In such a case, there is strong fundamental as Greece operates the 3rd largest fleet of LNG vessels in terms of capacity and the 2nd most expensive in the world with avalue of $ 9.3 bn (Bellos 2016). The Greek LNG fleet is consisted of 87 vessels -16% of global fleet- with an average transfering capacity of 130.000

bcm per vessel, while the global fleet accounts for 532 units. On the other hand, Cyprus plays a prominent role as a leading shipping and shipmanagement centre and will continue to strengthen its position in the world economy by providing a sound maritime infrastructure, favourable tax regime and competitive ship registration and annual tonnage tax rates (PWC 2013).

Regional gas exports on a steady basis -via LNG vessels- could provide the Greek-Cypriot Maritime Cluster with robust cash flows and the national economies with financial stability (Coats 2014). Concerns about competition from other nearby exporting nations in terms of LNG pricing remain unfounded, as the anticipated massive gas deposits -if proven- could produce economies of scale that could lower production costs in the long term.

In such a case, the region of South-East Mediterranean could provide more LNG bunkering spots as LNG is the marine fuel of the future (Chiotopoulos 2016).

Figure 1. Existing LNG Terminals in Mediterranean Sea

4.3 The Potentials of a South-East Energy Corridor in Europe

The establishment of a South-Energy Corridor in Europe -via a pipeline that connects Israel, Cyprus, Greece and Italy, or via the creation of a regional LNG terminals network supported by vessels- is of high importance. First of all, the succesful operation of such a Project could mean the return of lost Markets' trust, especially in a region that has been under European financial supervision in the previous years. Strengthening of the local economies in terms of supporting entrepreneuship, reducing high unemployment rates and skilled workforce are only some of the medium term benefits (Giamouridis 2013: 9-15). The development of the domestic gas market in Cyprus and Greece could generate thousands of jobs especially during the construction phase of the import infrastructure and the national and regional distribution network of pipelines.

As it refers to Cyprus, according to the latest IMF Report (2017) about the first Post-Program Monitoring, the country's economy grows steadily by 2.5% but, structural reforming and attracting investments must go on in order for Cyprus to adopt a steady development phase. The combined profits for Cyprus and Greece from the direct sales of gas to regional markets could generate several billion of euros on a long term basis -10 years- as most of the profits will come from savings and investment on gas infrastructures (Tsakiris 2017; 28).

Attracting investors is another important element; as the global energy market remains unstable with modest global energy prices (for both gas and oil), appetite from international energy companies in investing in gas projects is negatively affected. Finally, the feasibility of a South-East Energy Corridor lies in the number of potential buyers that could be found or, the number of long term contracts that could be signed, providing a steady demand flow and ensure certain production levels that would support the return on investment in the medium term, for the energy companies involved.

5. Conclusion

Natural Gas is the fastest growing form of primary energy worldwide, a very important element, especially if we take into account the efforts taken to reduce global emissions. A South-East Gas Corridor might not be EU's top priority right now, but sustained engagement at this early stage could yield fruitful results in the future. Such a project changes geopolitical stability and strengthens the status quo among the involved countries as the European market represents the best option for East Mediterranean gas.

In order to achieve this transition into a new era in terms of Energy, irrational exuberance of the past must be replaced by a new pragmatic approach as it refers to the feasibility of any potential resources. This is translated into a solid energy plan for all the countries involved; based on the region's potentials and the promotion of the best possible solution that reassures EU independence in natural gas supplies. On the political level, the proposed EastMed Pipeline project is receiving a continuous and growing support by the Governments of Greece, Italy, Cyprus and Israel as well as the European Commission.

Finally, certain obstacles that have to do with territorial or maritime disputes between nations, must be adressed wisely on a diplomatic level, as the current need of mutual concessions is more critical than ever. East Mediterranean region is being given the opportunity to exploit and commerce important volumes of gas deposits; any reckless action would jeopardize all the attempts that have already taken place and it will end the chapter of Energy in the East Mediterranean at least for the decades to come.

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The European Union and the Movement of Goods in Cyprus: Peace through Trade?

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1. *Introduction*

Cyprus joined the European Union as a divided country in May 2004. A week before the accession, the most comprehensive UN sponsored peace proposal in the history of the unresolved frozen Cyprus conflict was rejected in referendum. While it was a missed great opportunity to solve the frozen conflict, it also raised questions on the capacity of the EU to utilize its tools (e.g. Enlargement) towards achieving its political objectives – reunification of Cyprus, here. In the post-accession period, the EU attempted to promote the economic and social links between the two sides with a liberal peace logic that increased economic interactions would develop economic interdependence and integration between the two sides and facilitate conflict resolution. This would not only form and sustain economic and social links between the Greek Cypriots and Turkish Cypriots, which were completely cut-off since the division of the island in 1974, but would also help to bridge the economic gap between the two sides, making a future solution less costly. In this light, the Green Line Regulation (GLR) created by the EU, regulates and enables the movement of goods, services, and people from the Turkish Cypriot north of the divide to the Greek Cypriot south. Due to suspension of the EU's *acquis communautaire* in the northern part, the Regulation works only in one direction as pointed.

This paper engages the academic literature on Europeanisation and studies the factors that mediate the EU-effect in Cyprus by focusing on movement of goods. Signals of Europeanisation will be captured through tracing of EU-induced changes at the domestic level (Börzel 2002: 194; see also Cowles, Coparaso and Risse 2001). It also evaluates the extent that the Green Line trade has developed for investigating if some economic interdependence and integration has occurred between the two sides. The argument advanced is that the although to some extent the Europeanisation process on movement of goods led to some trade between the two sides, this trade has remained largely at low levels below the desired outcome, intermittent and seasonal. The biggest factors that constrained the EU-effect are omission of the GLR to provide a workable basis for trade and the role of ethno-politics, stemming from the Cyprus problem, in political elites and civil society. The paper draws on primary and secondary sources as well as interviews with EU and local political elites and ordinary citizens.

2. *The Green Line Regulation in Practice: Movement of Goods in Cyprus*

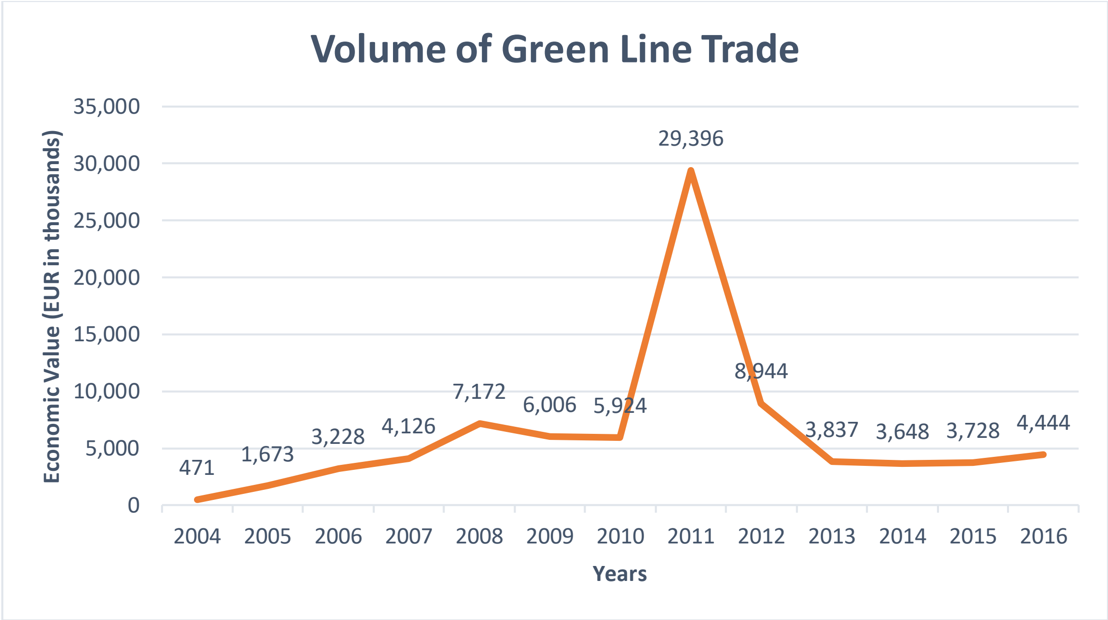

Figure 1. The Spread of Values of sales through the Green Line on Yearly Basis (in thousands)
(Source: Cyprus Turkish Chamber of Commerce 2016)

The Green Line Trade regulation has become operable for movement of goods on 23 August 2004[1]. By the December the trade has increased to the value of € 470.8k (see figure 1) and to approximately €1k by May 2005[2]. For the first four years the trade had steadily risen, almost doubled each year compared to the previous ones and the annual value of trade has increased up to €7.2m 2008. Throughout the years, the movement of goods from north to south have been plastic products, building materials/articles of stone, raw scrap material, aluminium/PVC products, wooden products/furniture, vegetables, fruit, and fresh fish (EC 2015; EC 2015). Over the years, the Commission categorically eased the restrictions, when they ensured that Turkish Cypriot production complied with the EU acquis. Citrus fruits were allowed to be traded across the Green Line without being subject to customs duties or charges on 4 October 2005 (2005b). Trade of potatoes, citrus, fresh fish, and honey have been made possible in 2007 (EC 2008: 9, see also EC 2007 b). The dairy and dairy products, all live animal and animal products, except honey and fish, are still prohibited due to the EU's extensive rules in that area.

The figures indicate a massive increase in 2011 up to the annual value of €29.4m. This is the peak that the Green Line trade ever reached. This increase is explained with an exceptional incidence that the South purchased electricity from the North (Kıbrıs Gazetesi 2011) after a huge explosion in the Evangelos Florakis Naval Base incident that damaged the Vasiliko power plant in the South (BBC News Europe 2011). This purchase constituted 82% of the trade in 2011 (€24m[3]) and resulted in 560% times higher trade compared to 2010 (EC 2012). Cooperation upon the unexpected event politically has been a positive development and it has been possible through the context of the Green Line regime. On the other hand, when the

[1] On 10 August 2004, the European Commission adopted the Regulation (EC) No 1480/2004 laying down specific rules concerning goods crossing the Green Line from north to south (EC 2004 c).

[2] The reporting periods have covered the periods from 1 May of each year until 30 April of the following year until 2010's report. In 2011, the reporting period was between 1 May to 31 December. As of 2012, the reporting periods have beem 1 January to 31 January.

[3] According to the statistics of the TCCoC, this amount is €29.3m. See figure 1.

volume of electricity purchased is separated from the rest of the trade, the actual trade falls from €29.4m to €5.3m for 2011 (and from €8.9m to €4.2m for 2012). This means that in reality trading of the usual products have been decreased to €5.3m in 2011 compared to the values of the previous year, €5.9m in 2010. When the overall Green Line trade is observed throughout the years without taking the exceptional selling of electricity between 2011 and 2013, the trend in the Green Line trade reaches to its peak in 2008 and then has a steep declining curve, reaching to the bottom with € 3.9m in 2015 (Figure 1).

3. Europeanisation of Movement of Goods in Cyprus and Peace through Economics

Prior to the categorical analysis of the impact of domestic factors to the Green Line trade in Cyprus, it should be acknowledged that all the domestic factors explored below are inherently linked to the broader issue of politics of the Cyprus problem and its continuation, hence the political factors. However, while this is true, it is still useful to break-down the domestic factors into different categories in order to clear out the basis of prominent factors that are relevant to the Green Line trade.

3.a. The Role of Law

Membership of the divided Cyprus brought important legal characteristics that mediated the channels and pressures of Europeanisation of movement of goods in a very restrictive way. Firstly, the territorial and political division led to creation of a membership, where the EU law is suspended in the northern Cyprus (See Chapter 3) with the Protocol 10 attached to the treaty on Act of Accession 2003. This means that northern part of the island is outside the customs union and therefore 'free movement' of goods is not applied. It only allows 'movement' of goods that are not prohibited under the regulation and comply with the EU standards. Therefore, it does not substitute or inforce free movement of goods as in between the other EU Member States. Within this context, while the EU can determine the terms and conditions of movement of goods entering into the south of the divide, it cannot extend its regulation in the opposite way towards north.

The scope of the regime under the Green Line is another important aspect that restricts the movement of goods. According to the definition of the goods allowed to cross in the Regulation, the goods may be wholly-obtained (such as vegetables) or processed goods, which are defined as having undergone their last, substantial, economically justified processing in an undertaking in the north (EC 2004). Some processed good trade was done in the early years of the regulation (for example pitta bread). However, the issue has then become one politicized issues among others related to the Green Line Regulation. As of 2011, the Republic of Cyprus authorities have no longer accepted crossings of processed food by raising the concerns on the issue of health services regarding the production process in the northern Cyprus and their inability to monitor the production process (Interview with an official from the CCCI; Interview with RoC in Brussels). Therefore, Turkish Cypriots can mostly sell raw materials rather than value added goods and the range of the products that can be traded are extremely limited.

3.b. The Role of Ethno-Politics in Political Elites

Although the Green Line provides a basis for movement of goods in Cyprus, making it work pro-actively for the liberal peace objective of economic integration of the island requires political willingness from the both parties on the island. The extent that the two sides utilize and facilitate the Green Line trade directly mediates Europeanisation of movement of goods. Therefore, it is fundamental to ask the question, 'trade between whom? The Greek Cypriot authorities in south are against any step that might "upgrade the status of the illegal state" in the north and hinder the monopolized legitimacy of the RoC as the sole legitimate government of Cyprus. A Greek Cypriot official said that "why would they [Turkish Cypriots] be encouraged to live together [with Greek Cypriots] if we provide them the chance to live separate [by the Direct Trade regulation]?" (Interview with RoC officials in Brussels). This assertion can be traced back from the example of Greek Cypriot prevention of the EU's Direct Trade Regulation proposal for Turkish Cypriots, to the RoC's international attempts to impose embargoes on the Northern Cyprus following to the independence of the TRNC in 1983.

On the other hand, very similarly, the national policies play an important role in the north too. Following to the EU's promises of lifting the isolations and the European Commission's Direct Trade Regulation, the Turkish Cypriot government (with the added pressure from Turkey) worked to prevent Turkish Cypriots trading with the EU through benefitting the Green Line regime and using the ports in the south. For them, this was a critical issue because it would dilute the Turkish Cypriot government's argument that the ports of the north should be opened up to trade with the EU with the proposed Direct Trade Regulation (Interview with the former president of the TCCoC, Interview with a Turkish Cypriot Merchant). Upon an interview, the Turkish Cypriot trader complained that he was prevented from doing business by various intense forms of pressure including death threats from stakeholders in both sides, but especially from the Turkish Cypriot government and community. (Interview with a Turkish Cypriot Merchant).

These examples show how the Europeanisation of movement of goods in Cyprus is crucially restricted the ethno-politics in both sides' political elites. In fact, Europeanisation to the extent that it occurred by putting the trade regime in place stimulated reproduction of the traditional inflexible positions that are embedded to deeper roots of the Cyprus dispute.

3.c. The Role of Ethno-Politics in Civil Society

There is an understanding or a belief in the Greek Cypriot civil society that it is wrong to trade with the North Cyprus because of many different reasons. Greek Cypriot civil society actors (church, producers, influential rich families, as well as public) apply a significant level of pressure against Greek Cypriots to not to trade with Turkish Cypriots. The narrative is often develops onto the self-image of 'victimization' of Greek Cypriots after the division of Cyprus. On this basis, Turkish Cypriot trades are faced with encounter great difficulties in stocking in supermarkets (EC 2008: 9). An interviewee tells the Greek Cypriot traders want to keep it low-profile, and if possible hide the fact that they trade with the Turkish Cypriots (Interview with a CTCI official). There are examples that the Greek Cypriot businesspeople, who benefit the Green Line trade, tell the Turkish Cypriot traders "please bring the product in the evening, so that nobody can see me" (Interview with a TCCoC official). Another Turkish Cypriot trader tells, "I went to deliver the products and Greek Cypriot fanatics swore us with strong words telling that we had no business there" (Interview with a Turkish Cypriot agricultural producer). Similarly, some Turkish newspapers declared the Turkish Cypriot businesspeople, who cooperated with Greek Cypriots and sold agricultural products to the EU from the ports in the south, as "potatoes traitors" (Hürriyet 2006 a, see also Hürriyet 2006 b).

There has never been a single end/ shelf products in Greek Cypriot supermarkets. President of the CTCI tells that when they lobbied the Greek Cypriot supermarket unions for putting some Turkish Cypriot end products to the supermarkets, members were very reluctant to not to be despised publicly and it never materialised (Interview with the head of TCCI). However, as of 2011, there was no point in pushing the attempts further because the Greek Cypriot authorities did not accept crossing of processed foods (See section 4.5.a.). Therefore, only some of the agricultural products are put on the shelf, which do not bear any sign that the product is comes from north. Most products traded are not sold to the direct consumer but sold to the wholesalers (like building materials, PVC-Aluminum products, etc., which does not have brands on them). When one looks at the Turkish Cypriot companies' participation in Cyprus' International Trade Fair (organized in South) has steadily decreased. While 53 Turkish Cypriot traders joined in 2005, this was fallen to 16 in 2006, 3 in 2007, and 0 in 2008 (EC 2008). This shows how the Green Line trade opportunity has been crucially narrowed by the role of ethno-politics in the Greek Cypriot civil society.

Overall, the role of the ethno-politics has a significant role in both communities' civil societies.

4. Conclusion

This paper intended to study the effect of Europeanisation on movement of goods in Cyprus in the post accession period of the island into the EU. Overall, the GLR trade is highly open to influence of ethno-political motivations instead of having been designed in a way to de-politicise economic relations or at least by-pass them. The two sides see the GLR trade as a 'threat' rather than and 'opportunity' and to 'suppress' rather than 'support' it. This attitude is motivated by ethno-politics as well as existing economic/ political opportunity-structures, which effective operationalization of the Green Line regime might change it in their harm. This hinders the EU's objective of 'facilitating reunification' through economic integration in Cyprus. The EU incentives for greater economic integration in Cyprus did not operationalize to achieve some level of economic integration to facilitate conflict resolution because the two sides have opposing political preferences and do not see the Green Line trade an opportunity to be effectively utilised but rather 'tolerate' it up to an extent. In 2017, there is no evidence that the Green Line regime led to a certain level of economic interdependence between the two communities. In fact, the EC report (2012) indicates a decrease in the interdependence following to the economic recession in South, compared to earlier years.

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The Geopolitics of the Dodecanese archipelago

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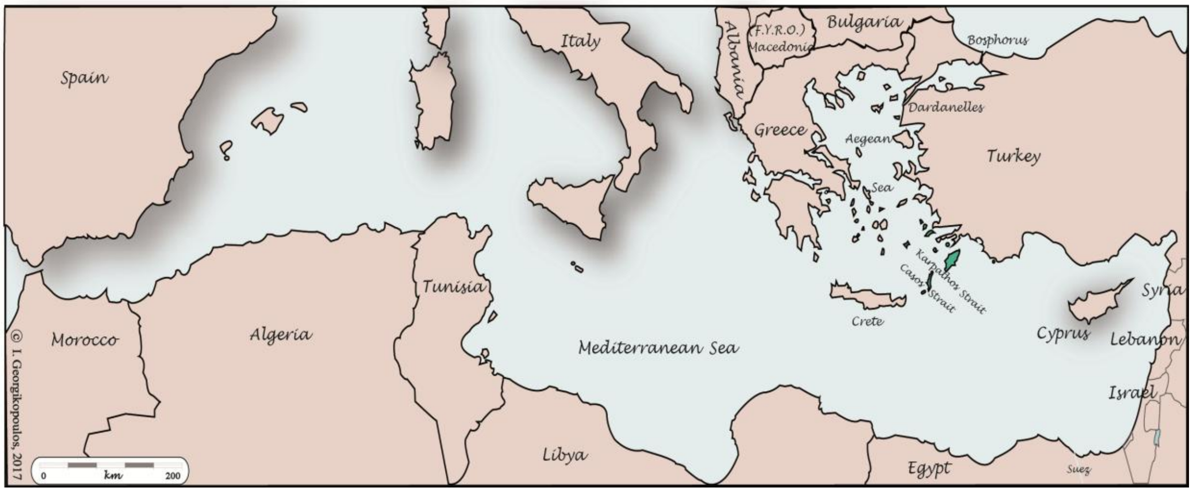
Abstract:

Since the early 1970s, the Dodecanese archipelago has found itself trapped in the delineation of sovereign rights in the Aegean Sea. But the general insecurity caused by the geopolitical fluidity of the larger regional context underlines its role as a territorial and network-shaped pivot point, where are articulated the complementary components of national and globalising trends. The recent changes in the Eastern Mediterranean and the continuously reshaped geostrategic stakes in the Middle East give a new perspective in the study of this Greek archipelago. Situated at an intercontinental junction geographically close to tension zones, the Dodecanese holds an important position as far as energy and migration routes are concerned. Furthermore, being the last region integrated to Greece, the archipelago preserves the memory of a durable cultural diversity. Hence, this case study presents the opportunity to explore both negative (crises, tensions) and positive (cultural tourism offer) aspects of an important geopolitical crossroads.

Energy and Border Geopolitics in the Eastern Mediterranean: When Hermes meets Digenis Akritas

Ancient and Medieval Greek mythology had paid much attention to the changing roles and functions of crossroads and borders. Among the timeless tales of gods and heroes, the Greek god of the crossroads and the Byzantine epic mixed-blooded border lord are two of the most accurate symbolic representations of the geopolitical challenges and opportunities within a region. Nowadays, little has changed: the need for balance between Hermes's polyvalent and flexible crossroads and Digenis's limits is more important than ever. The interactions between the various actors involved and the geostrategic implications of the competition for energy resources are still connected with security-oriented efforts. In a continuously reshaped world, old oppositions could become new partnerships and vice versa, whilst the push for smart(er) borders is still waiting for concrete actions.

The geo-economic and geopolitical framework in the Eastern Mediterranean modifies the role of intermediate regions by transforming them into buffer zones. Situated at the crossroads of hydrocarbon fields and tension zones, as well as between Oriental realities and Occidental conceptualisations, the Dodecanese archipelago has recently found itself in the middle of old geopolitical oppositions (Aegean dispute), new regional dynamics (Energy agreements), European ambivalence, and the controversial postures of the Greek political leadership (external border strategies and migration crisis). These situations should not be considered in isolation; if combined, they mirror the complexity, but also the complementarities, of multi-scaled geopolitical interactions. As a result, shifting 'glocal' politics underline the need to rethink and reconceptualise former geopolitical categories.



The Dodecanese; an important Mediterranean crossroads

Since the early 1970s, the Aegean dispute between Greece and Turkey on the determination and the status of maritime boundaries has been the avatar of the Cyprus Question. The Turkish invasion of Cyprus (1974) was followed by several Aegean crises that almost brought the two countries to the brink of war. Nevertheless, the strained bilateral relations were largely revised after 1999. This Greek-Turkish rapprochement ensured a minimum of calm and stability within the region for almost ten years. But, despite the initially high expectations, the constant change of the regional reality has been blocking every effort of resolving the different facets of the dispute ever since. Long lasting negotiations between Greece, Turkey and Cyprus regarding the Aegean zones of influence and the island's division usually end up by reaching a dead-end.

Apart from the huge difficulties for the neighbouring states, unresolved problems tend to generate external interference and, hence, conflict of interests at a higher level. Bilateral (Greece-Turkey) or multilateral (Syria, Middle-East) tensions produced on NATO's south-eastern flank attract U.S. attention, but also implicate key players such as Russia and China. The important role of the American diplomacy in the consensus processes (especially during the 1996 Imia crisis and the 2016 maritime security operation in the Mediterranean), as well as Russia's and China's strategic and economic penetration of the larger regional context (from the port of Piraeus to the naval bases in Syria and the investments in Cyprus and the Dodecanese) reveal the high stakes involved in this complex geographical setting.

Moreover, the strategic rapprochement between Greece, Israel, Egypt and Cyprus (natural gas exploration and exploitation agreements) – both a challenging technical prospect and diplomatic task (Tsakiris 2014) – and the instability of Turkey's security environment also implicate the Dodecanese islands in large scale stakes. The 2017 signatures between the Cypriot government, U.S. Exxon Mobil, Qatar Petroleum, Italy's ENI and France's TOTAL, regarding the licensing of oil and gas exploration activities, transform the regional countries involved into leading energy players and may have further impact on Turkey's energy diplomacy, as well as on its options vis-à-vis the Cyprus Problem and the Aegean territory claims.

Since 2015, managing maritime resources and reframing regional balances processes have been diversified by the urgency of the refugee and migration crisis. By February 2016, close to one million Syrian refugees and Middle Eastern economic migrants have crossed the Greek borders. Most of Brussels' attention being turned towards Greece's financial crisis, the European administration has neglected the emergence of a political party promoting 'no borders' strategies and constantly confusing refugees with economic migrants (Foucher 2016). The border gap and the lack of a concrete European foreign and security policy were immediately identified by professionalised criminal networks holding a good understanding of regional hubs and of transport geography. Pictures of refugees and migrants arriving in the Greek islands or tragically perished trying were reproduced worldwide. It was one of the results of the absence of a European and national cooperative program, as well as the consequence of the fundamental lack of understanding by the Greek political leadership towards new governance challenges.

Paradoxically, extreme open borders practices have generated a multiplication of closed European borders and the rise of racist and xenophobic behaviours. Far from ideological tactics or walls and barriers raising, the long-term policy response to the migration crisis should be found within a strategic framework which would facilitate mobility in a secure and well-managed environment. In order to do so, the European Union should demarcate its external borders and redefine the relationship and the dynamics between national identities and European identity. As the Dodecanese's historic background shows, regional and local experience may combine different identity mosaics with national and European consciousness and, thus, become a go-between for the concretisation of a common political and cultural ground of coexistence. Hence, Hermes's flexible frontiers will finally be able to interact with Digenis's protected borders and promote various perspectives of cooperation and development.

Memorial Tourism: A growing regional socio-economic asset

Being the last region integrated into the Greek State (1947), the Dodecanese preserves, more than any other Greek territory, the memory of a durable cultural diversity. In the 16th century, the Ottoman conquest of the archipelago diversified pre-existing forms of political, social and cultural pluralities, already promoted by previous Latin rulers (Knights of Saint-John). Due to the Ottoman practice of population transfers throughout imperial lands (*sürgün*), the Dodecanese's demographics were mainly composed of three closely interacting but autonomous religious communities: Muslims, Sephardic Jews, and indigenous Orthodox Christians. As a result of this cohabitation, the islands were given a remarkable interreligious landscape (churches, mosques, synagogue, and cemeteries), today still in operation. From 1912 to 1937, the Italian administration maintained the institutions and privileges of these communities, and further scattered the insular landscape with Catholic temples, as well as with Art Nouveau and rationalist buildings. Furthermore, as the Italian Dodecanese was not included in the Greco-Turkish exchange of populations (1923), indigenous Muslim communities have been able to maintain their presence. On the contrary, the prosperous Jewish population was handed to the German *Judenpolitik* during World War II, leaving behind the damaged marks of a rich community history. After a brief period of British rule (1945-1947), the islands joined Greece and were called to integrate their multicultural diversity into nation state's requirements of internal uniformity.

The initial demand for national cohesion and the economic growth occurring from the middle 1950s to the early 1960s prepared the long awaited official interaction between Athens and the strong regional bents. But along with the country's rising prosperity came political instability and a seven-year military dictatorship which, even though theoretically rejected, had hardly affected the insular lifestyle and dependency. Despite C. Karamanlis's efforts for political and social consensus (1974-1980), the new state orthodoxy promoted by the Socialist party (PASOK) and the debt-financed illusion of prosperity during the 1980s put aside most of the periphery's comparative advantages. Dodecanesians started to care less about the long-term management of both cultural and natural capital and focused more on how to maintain and exploit personal or group privileges. In addition, since the early years of membership, the country's European strategy was to use its geopolitical and symbolic significance in order to receive financial assistance and undertake structural reforms that lingered for decades as unfinished business. The neglected outcome of this highly chameleonic centralisation project was the deepening of clientelist relations (electoral accountability, distribution of benefits), a low level of local and regional historical knowledge, and the decrease of economic competitiveness (Georgikopoulos 2016).

In this context, there has never been a 'death' more foretold than the financial crisis of 2009. The exclusively leisure-oriented (four S's experiences) tourism industry – Dodecanese's main source of income – was one of the most affected. Excessive and unplanned tourism-related development has long been supported by governmental funding and susceptible-to-bribery socio-political networks. This gradually led to a lack of awareness regarding the aesthetic, natural and cultural dimensions. Linked to overpriced mass sun-and-sand tourism activities, the destination image of the Dodecanesian cities became far less competitive than the diversified touristic offer of other European regions. Less competitive economies being riskier because of their incapacity to buffer adverse shocks, the archipelago became vulnerable to external economic volatility and geopolitical fluctuations. Inflation, Western sanctions, and Europe's shift to other energy partnerships have reduced the spending power of Russian tourists. The purchasing power of Europeans keeps falling, and Turkey's politico-economic instability deprives the islands of the traditional influx of Turkish tourists. Furthermore, Greece's economic problems have affected the budget of internal tourists and, thus, the domestic travel market.

These situations have exposed Greece's long-standing political and social issues, but also helped regional and local units to revisit their role in a globalised context. When the first shock was absorbed, international culture and heritage societies, as well as tourism entrepreneurs became able to properly assess the need for quality initiatives at a regional level. These initiatives are in line with the intergovernmental and private heritage organisations' existing practices, as well as with the promotional efforts carried out by the descendants and representatives of the Dodecanese's long-gone religious communities.

Nowadays, the archipelago's rising regional role can be measured not only in relation to energy and border geopolitics, but also in terms of cultural networks and local development. In the early 2000s, the initiatives undertaken by the third generation of the Rhodian Jewish (*Rhodesli*) diasporic community resulted in key improvements at the ancient Jewish Quarter (*Juderia*), located in the eastern section of the Old City of Rhodes. The complex consists of the restored *Kahal Shalom* Synagogue, the Jewish Museum, and the Holocaust Memorial, dedicated to the Jewish of Rhodes and Cos who were killed in concentration camps. Since 2007, the descendants of the Dodecanesian Jews from around the world visit the island along with their families on the occasion of the commemoration of the archipelago's Jewish community deportation to Auschwitz (July 23rd). The visits combine genealogy tourism with summer vacation. They also provide a strong cultural motivation for both the diasporic Jewish community and the local population to reconnect with their regional historic heritage and benefit from the opportunities that derive from the globalised context.

Memorial tourism is extended to cover a broader range of regional history periods. In February 2014, the International Strategic Seminar of the Sovereign Order of St. John of Rhodes and of Malta was held in Rhodes, due to the island's significance as seat of the Grand Master and its government from 1309 to 1522. Symbolically supported by the UNESCO-protected (since 1988) medieval landscape, the meeting was attended by the representatives of the Sovereign Order of Malta, the leaders of various national associations, ambassadors, diplomats, and the leaders of the volunteer corps. Last but not least, the Rhodes International Culture and Heritage Society (RICHeS) project, which is dedicated to stimulating awareness and knowledge of the island's multicultural heritage throughout a variety of actions. RICHeS's initiatives cover a large range of standard events associated with the archipelago's ancient, medieval, Ottoman, and Italian history as part of the 'shared Mediterranean heritage'; among these events, we find the European Heritage Days, the Studium Generale, the Icomos Day, the Heritage Walks, and the Villa Rees Concert.

These initiatives are working to promote, protect and energise the archipelago's vitality as a tourist centre by preserving its past and by revitalising the legacy reminders that attract cultural tourists. Whilst raucous bars and overpriced low-quality restaurants are struggling to cope with the alternative tourists' (from pilgrims to backpackers) new expectations, tourism promotion programmes, young local entrepreneurs and the host communities' lifestyle have already started to adapt to the new situation. As a result, a strategic rebranding of the archipelago's key tourist attraction, combining physical (sun, sea, sand) and cultural (attractiveness of memorial sites) geography advantages, is likely to be seen and experienced in the near future.

It could be argued that these emerging forms of tourism are to be connected to regional identity awareness and renewal processes. Dodecanesians are invited, once more, to revisit the main characteristics but also the evolutionary nature of their identity, in order to find the balance between continuity and change. It is only then that nationalising and globalising trends could be comprehended as complementary rather than contradictory. In an era of political distortions, the reinforcement and transformation of traditional cultural resources seem like the most effective way for the human communities to benefit from the world's fluidity and opening up, without risking losing cohesion or being dissolved inside a constantly changing geopolitical universe.

Conclusion

This paper attempted to investigate the different, yet complementary, aspects of the geopolitical realities affecting the Dodecanese archipelago. To this respect, the dynamic interactions between external and internal geopolitics have been put forward, so as to facilitate the understanding of the stakes involved. The transition period that we live in keeps posing the false dilemma of choosing between the old and the new, between antiquated isolationism and unconditioned openness, in order to either resist change or adapt to it. The political and historical irony is that the already expressed simplistic solutions show the convergence between the far extremes of the socio-political spectrum, but they also help identify rational and well-argued policy options. Will long-term strategies impose their logic on short-term tactics or will the Greek State strangle, once more, the spectacular perspectives provided? There is still some time left until the 200th anniversary of the establishment of modern Greece (1821-2021); and it should be used wisely.

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**DEFENCE DIPLOMACY:
THE CASE OF THE REPUBLIC OF CYPRUS**

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Abstract

Over the last decade there is a gradual escalation of several defence diplomacy initiatives by the Republic of Cyprus. This paper presents the experience of the Republic of Cyprus by examining the latter's main activities within the framework of defence diplomacy. Particularly, the aforementioned framework includes the following chief activities: the appointment of defence attaches and military representatives to foreign countries and organisations, high-level foreign visits by defence ministers and high ranking military and civilian officers with their counterparts, participation in regional and international defence/security organizations, bilateral and multilateral defence cooperation MOUs/agreements, participation in United Nations peace-keeping missions, participation in disaster relief and rescue operations in foreign countries, participation in relevant fora, summits, conferences, and seminars.

Introduction

Defence diplomacy is an emerging research area in the field of international relations and diplomacy. The relevant literature focuses primarily on the perspective of large states; there is, in other words, a literature gap in regards to small states and their actions towards defence diplomacy.[1] Taking advantage of this literature gap, my research focuses on the defence diplomacy that is exercised by small states, with the additional ambition to enrich the literature with a new case study, namely that of the Republic of Cyprus (RoC). As of the time of writing there is no comprehensive research on defence diplomacy and the RoC. The aim of this paper is to outline the breadth of defence diplomacy activities of the RoC.[2]

Theoretical Framework

In the modern era, it has been widely argued that defence institutions (primarily Ministries of Defence and Military Forces) are involved in diplomatic processes[3] (Clermond 2015; Corn 2009; Edmonds 2006; Goodwin 2004, Moskos 2000; Very and Michelle 2009). The end of the Cold War contributed towards this development, as countries' defence policies moved from defending territory and deterrence to working together with other nations on issues of security. This meant that defence establishments' roles expanded to include diplomatic functions on their governments' behalf (Cottey and Forster 2004). [4] The 1998 UK Strategic Defence Review (SDR) christened these activities as *defence diplomacy*, defining the concept as "all the varied activities undertaken by the Ministry of Defence to dispel hostility, build and maintain trust, and assist in the development of democratically accountable armed forces, thereby making a significant contribution to conflict prevention and resolution" (UK Ministry of Defence, 2000:2). That said, it is worth noting that there have been other attempts to give both a similar and a somewhat more expanded meaning of the term. However, for the purpose of this paper, defence diplomacy is defined as *the soft (non-violent, peaceful, cooperative) use of defence institutions in order to achieve cooperative relations*.[5] In regards to the activities of defence diplomacy, I follow Cottey's and Forster's approach which summarizes them as follows: bilateral and multilateral contacts between senior and military defence officials; the appointment of defence attachés to foreign countries; bilateral defence co-operation agreements; the training of foreign military and civilian defence personnel; the provision of expertise and advice on the democratic control of armed forces, defence management and technical areas; contacts and exchanges between military personnel and units, and ship visits; the placement of military or civilian personnel in partner countries' defence establishments or armed forces; the deployment of training teams; the provision of military equipment and other material aid; and bilateral or multilateral military exercises for training purposes (Cottey and Forster 2004). In general terms, the overwhelming majority of scholars incorporate the above-mentioned activities as part of their defence diplomacy analysis.

[1] The majority of scholars examined the case studies of the following large states: United States, China, United Kingdom, France, Australia and India.
[2] This paper does not comprehensively include all the defence diplomacy activities because the research about the relevant subject is still work in progress.
[3] Diplomatic practice, in this case, includes all the officials, unofficial, top-down cooperative activities which result in the creation of relations and communication with foreign actors (states, organizations).
[4] They are identified examples from around the word, but this phenomenon was mainly intensive in Europe.
[5] An extensive analysis of this definition will be done at a later stage.

Defence Diplomacy: The Case of the Republic of Cyprus (RoC)

The Republic of Cyprus is a divided island[6] in the Mediterranean Sea, with a population of approximately a million,[7] and a GDP of $19.931 billion, holding the 113th position in the list of 190 countries.[8] In the defence sector, the last decade's defence budget has ranged from approximately 1.8% to 2.00% of its GDP.[9] Because of financial constraints and political factors, spending on defence has been considerably constrained, with a reduction of 7.7% in 2015 compared to 2010 (€345.4m to €318.9m). Military hardware and maintenance spending has declined even more rapidly (34.2%), falling from €105.4m to €69.3m during the same period.[10] Moreover, due to the country's limited industrial capacity, military equipment is imported from other countries.[11] Lastly, the active manpower of the National Guard[12] is approximately only 12,000.[13] The abovementioned data leaves little doubt that Cyprus is a small and weak actor in the international system in the field of defence. Nevertheless, beyond the 'power' limitations, of the last decade, Cyprus has initiated several endeavors in the framework of defence diplomacy. Cyprus's accession to the European Union in 2004, coupled with some other geopolitical developments, such as the discovery of hydrocarbons in the Cyprus Exclusive Economic Zone (Cyprus announces the first offshore licensing round in 11 exploration blocks within the EEZ of the Republic in 2007,), the tense relations between neighbouring states (dispute between Turkey vs Israel and Egypt) and the overall political tension in the wider Middle East area (War in Syria, Terrorism etc.), gave impetus to the RoC to exercise defence diplomacy in recent years.[14] This section will present summarily the main RoC defence diplomacy activities.

[6] Greece's ruling military Junta launched a coup in July 1974 to oust Cyprus's elected government, but using the coup as a pretext, Turkey invaded, with the declared intention of restoring order. However, Turkey annexed 35% of the island, in the northern part. Since 1974 the island is de facto divided and the RoC exercises control only the remaining southern part of the island. The annexed northern part remains unrecognized by the international community with the sole of exception of Turkey, which is also the only country in the world that does not recognized the RoC.

[7] The exact number of the population of the RoC is 1,205,575 (July 2016 est.) The World Factbook, Country Comparison: Military Expenditures, available at https://www.cia.gov/library/publications/the-world-factbook/rankorder/2034rank.html#cy (accessed 28 April 2017).

[8] International Monetary Fund World, List of Countries by Projected GDP, available at http://statisticstimes.com/economy/countries-by-projected-gdp.php (accessed 28 April 2017).

[9] The World Bank, Military expenditure (% of GDP), available at http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?end=2015&locations=CY&start=1988&view=chart (accessed 1 May 2017).

[10] Aristotelous A. (2016). The Military Forces in Cyprus 2016, Cyprus Centre for Strategic Studies, available at http://strategy-cy.com/ccss/index.php/el/surveys-gr/item/299-oi-stratiotikes-dynameis-sthn-kypro-2016-the-military-forces-in-cyprus-2016 (accessed 1 May 2017).

[11] Cyprus is mainly equipped from France and Russia.

[12] The total military force of the Republic of Cyprus includes air, sea, land and Special Forces divisions. The Forces also contain reserves – first and second line – plus auxiliary civilian sections and paramilitaries. Γενικό Επιτελείο Εθνικής Φρουράς (National Guard), Οργάνωση (Structure), available at http://www.army.gov.cy/el/page/organosi (in Greek) (accessed 3 May 2017).

[13] Aristotelous A. (2016). The Military Forces in Cyprus 2016, Cyprus Centre for Strategic Studies, available at http://strategy-cy.com/ccss/index.php/el/surveys-gr/item/299-oi-stratiotikes-dynameis-sthn-kypro-2016-the-military-forces-in-cyprus-2016 (accessed 1 May 2017).

[14] An extensive analysis will follow about the reasons and the developments that have favoured the more energetic exercise of Cyprus' defence diplomacy.

Appointment of Defence Attachés and Military Representatives to Foreign Countries and Organisations

Defence Attachés (DA) can be described as the first institutionalized actors of the official defence diplomacy. A common understanding is that a DA is a member of the armed forces who works in an embassy, therefore receiving diplomatic immunity and protection, much like ordinary diplomats serving in the diplomatic corps. Defence, military and bilateral relations are all part of the DA's remit (DECAF 2007). The RoC at this time[15] maintains a DA in Austria[16], who is also accredited in the Organization for Security and Co-operation in Europe (OSCE). Recently, a DA was appointed to the United Kingdom[17] and it is expected that the position of the DA in Russia will soon be filled.[18] Moreover, during the recent visits of the Minister of Defence from both France and Egypt in April 2017, the appointment of a DA in Paris was announced from the following September[19] and in Cairo from the following October.[20]

High-level Foreign Visits by Defence Ministers, High Ranking Military and Civilian Officers

One of the key aspects of defence diplomacy has been foreign visits, which are extremely useful tools in building confidence. Relations between countries have been improved and promoted by the exchange of visits between senior officials from the Ministry of Defence and their counterparts in overseas nations.[21] In recent years the various Ministers of Defence of the RoC have carried out numerous foreign visits to other states, beyond Greece[22] as well as to different international organizations (see below for more details). Moreover, foreign visits are conducted by the General Chief of the National Guard, the permanent secretary of the Minister of Defence, and other high-ranking military officers.[23]

[15] There previously was a DA in Greece (with accreditation in Bulgaria and Romania, from August 2010 to August 2014)

[16] With accreditation in Slovenia from November 14, Embassy of the Republic of Cyprus in Vienna, available at http://www.mfa.gov.cy/mfa/Embassies/Embassy_Vienna/vienna.nsf/page03_en/page03_en?OpenDocument (accessed 3 May 2017)

[17] It is the first time that a Cypriot officer has been tasked as a Defence Attaché of the Republic in the United Kingdom (from February 2017).

[18] A DA was in Russia from August 08 to Jan 17 (with accreditation in Armenia)

[19] Υπουργείο Άμυνας Κυπριακής Δημοκρατίας (Ministry of Defence RoC), Υπογραφή Αμυντικής Συμφωνίας Κύπρου-Γαλλίας (Cyprus-France Defense Agreement) 04/04/2017 (Greek), available at http://www.mod.gov.cy/mod/mod.nsf/All/41FD8FCB02924803C22580F800406180?OpenDocument (in Greek) (accessed 3 May 2017). A DA was in France (from 09/2017 to 08 June 13)

[20] Υπουργείο Άμυνας Κυπριακής Δημοκρατίας (Ministry of Defence RoC), Συνάντηση ΥΠΑΜ με Πρόεδρο Σίσι στην Αίγυπτο (Meeting between the Minister of Defence and the President of Egypt Abdel Fattah el-Sisi) 12/04/2017(Greek), available at http://www.mod.gov.cy/mod/mod.nsf/All/F9546D3081EE3471C225810000570A92?OpenDocument (in Greek) (accessed 3 May 2017).

[21] Ministerio de Defensa (Spain), Defence Diplomacy plan, January 2012, available at http://www.defensa.gob.es/Galerias/defensadocs/defence-diplomacy-plan.pdf (accessed 3 May 2017).

[22] Prior to the development of much more active defence diplomacy, the Ministry of Defence (RoC) limited its visits to (almost exclusive) Greece.

[23] See related announcements, Ministry of Defence (RoC), Announcements, available at http://www.mod.gov.cy/mod/mod.nsf/page11_en/page11_en?OpenDocument (accessed 12 May 2017).

Participation in Regional and International Defence/Security Organizations

European Union Defence Organisations

Undoubtedly, Cyprus's accession to the European Union in 2004 gave major opportunities for Cyprus's defence establishment to participate in European Union defence organizations.[24] First of all, Cypriot officers participate in numerous military missions/operations within the context of the *Common Security and Defence Policy* (CSDP).[25] At the moment, Cyprus is participating in the Operation EUNAVFOR ATALANTA Somalia[26] and in EUNAVFOR MED Operation SOPHIA in the Southern Central Mediterranean.[27] Beyond the operations, the Republic participates with military officers in the military training missions of the European Union, like EUTM Somalia.[28] The RoC also contributes to the *EU Battlegroups* (rapid-reaction multinational military groups); they contain about 1500 personnel, and can work on their own as an ESDP initiative.[32] Several countries form a regional *EU Battlegroup* with Cyprus, namely Bulgaria, Romania and Greece; the group was placed on stand-by in the latter part of 2007 and the first six months of 2009.[29]
Moreover, Cyprus has been a member of the *European Defence Agency* (EDA) since its establishment in July 2004. One of the goals of the EDA is to help EU countries and the Council to bolster European defence capacity in furtherance of the CSDP.[30] Cyprus' defence Ministry is particularly involved in numerous EDA projects, hosting many meetings and seminars in Cyprus.[31] Another institution in the frame of the European Union is *the European Security and Defence College* (ESDC). This was founded in July 2005, with the goal of subscribing to the furtherance of a European Security Culture. The ESDC provides a range of courses that develop and promote the collective CSDP idea to both military and non-military representatives of both EU member states and European institutions.[32] The Ministry of Defence (RoC) has been actively participating in the activities of the ESDC both by attending the courses and by contributing to the organization of some others.[33]

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[24] For this case, I do not examine the Cypriot officers who work for the different departments and organizations of the European Union (Seconded National Experts)
[25] The Common Security and Defence Policy (CSDP) is a major element of the Common Foreign and Security Policy of the European Union (EU) and is the domain of EU policy covering defence and military aspects, as well as civilian crisis management.
[26] One officer in the Operational Headquarters (OHQ) in Northwood/London and one officer in Force Headquarters (FHQ) in Somalia (on board a vessel), Press and Information office (RoC); Cyprus contributes to the European Defence Capabilities, available at http://www.moi.gov.cy/moi/pio/pio.nsf/423ab33449aea8ddc2257076004d02bf/49d1e0411e124114c2256dc900346b04?OpenDocument (accessed 3 May 2017)
[27] 2015/16, one officer in OHQ Rome, one officer FHQ (on board a vessel), 2016/17, one officer in OHQ Rome. Ibid
[28] One officer in OHQ, Brussels. Ibid
[29] Ministry of Defence (RoC), European Union, available at http://www.mod.gov.cy/mod/mod.nsf/page33_en/page33_en?OpenDocument, (accessed 13 May 2017).
[30] European Defence Agency, available at, https://www.eda.europa.eu/ (accessed 3 May 2017)
[31] Ministry of Defence (RoC), European Union, available at http://www.mod.gov.cy/mod/mod.nsf/page33_en/page33_en?OpenDocument, (accessed 13 May 2017).
[31] Ibid
[32] European Union External Action, European Security and Defence College (ESDC), available at, https://www.eda.europa.eu/ (accessed 3 May 2017)
[33]Ministry of Defence (RoC), European Union, available at http://www.mod.gov.cy/mod/mod.nsf/page33_en/page33_en?OpenDocument, (accessed 13 May 2017).

One more significant defence organisation in the frame of European Union that the Cyprus defence establishment participates in is Finabel. Finabel's mission is to foster co-operation between EU member states' individual armies and encourage interoperability.[34] Inaugurated in 1953, Finabel is run by the respective countries' army chiefs of staff; its work comprises the operation of working parties and joint studies. The National Guard joined the organization in 2008 and since then has actively participated in its meetings and processes.[35]

Lastly, Cyprus also participates, with its military representative in Brussels, in the European Union Military Committee (EUMC), which is a division of military personnel working under the command of the Union for Foreign Affairs and Security Policy and the Political and Security Committee (PSC) of the European Union's Common Foreign and Security Policy.[36] The EUMC advises both the EU High Representative and the PSC on military matters; it was inaugurated in December 2000 and consists of EU member states defence chiefs, as well as their Brussels permanent representatives, who regularly speak and act on their behalf.

International Defence Organizations

The RoC has been active in recent years in the framework of the OSCE, the world's largest regional security organization.[37] Founded in 1975, the OSCE seeks to foster political dialogue on several security aspects, and is also a vehicle for instigating collective action to better the lives of both communities and the people within those communities.[38] The RoC looks to replicate these tasks and thereby undertake its duties as an OSCE member. Such duties include providing information within time frames and taking part in seminars, meetings and events of a military nature. To meet its responsibilities, the RoC has a military officer appointed to its Permanent Mission in Vienna, to follow up on OSCE military issues in the Forum for Security and Cooperation. Also, within the framework of the Vienna Document ΄99,[39] and the Confidence and Security Building Measures,[40] the Ministry of Defence organizes visits to its military installations, and at the same time, Cypriot military officers participate in visits to the military installations of other countries. Also, the RoC occasionally undertakes evaluation and inspection visits to other OSCE participating states.[41]

[34] Created as FINBEL in 1953 by the Army Chiefs of Staff of Italy, France, Belgium, the Netherlands and Luxembourg, its name changed to Finabel when Germany, or Allemagne, joined it in 1956, not long after the re-arming of West Germany in 1955. As membership continued to expand, the name was retained as a lower case proper noun.
[35] Γενικό Επιτελείο Εθνικής Φρουράς (National Guard), Διεθνείς Σχέσεις - Finabel (International Relations - Finabel), available at http://www.army.gov.cy/el/page/organismos-finabel (in Greek) (accessed 3 May 2017).
[36] European Union External Action, European Union Military Committee (EUMC), available at https://eeas.europa.eu/headquarters/headquarters-homepage_en/5428/European%20Union%20Military%20Committee%20(EUMC) , (accessed 3 May 2017).
[37] Cyprus is one of the founding members of OSCE, which consists of 57 member states.
[38] Organization for Security and Co-operation in Europe (OSCE), available at, http://www.osce.org/ (accessed 3 May 2017)
[39] Organization for Security and Co-operation in Europe, Vienna Document 1999 of the Negotiations on Confidence- and Security-Building Measures, available at http://www.osce.org/fsc/41276?download=true (accessed 13 May 2017).
[40] Each state is obliged every five years to organize a visit to their military installations.
[41] Ministry of Defence (RoC), Organization for Security and Co-operation in Europe, available at http://www.mod.gov.cy/mod/mod.nsf/page35_en/page35_en?OpenDocument (accessed 13 May 2017).

From 2004, the Navy General Staff of the National Guard was included in the Chiefs of European Navies (CHENS) meetings.[42] CHENS is a non-affiliated, apolitical forum (1992), the membership of which consists of the naval chief of every seafaring European country that belongs to either NATO or the EU and has an active navy. CHENS aims to work with other member states' navies, exploring areas of common interest and promoting knowledge of the maritime affairs of member states.[43]

Bilateral and Multilateral Defence Cooperation MOUs/Agreements

Defence diplomacy also incorporates the bilateral and multilateral defence cooperation MOUs/agreements between the Ministry of Defence of the respective state and the Defence Ministries of other states. This form of cooperation may include a wide range of activities, like the possible use of each other's facilities for logistics and repairs, defence technology cooperation, bilateral or multilateral military or rescue exercises for training purposes, exchanges of military information, military exchanges, arms transfers, foreign military financing in the form of grants and loans etc. The Ministry of Defence of the RoC has concluded bilateral agreements with several states.[44] Especially in the last decade, the MoD has demonstrated its ambitions and goals and it is, subsequently, in the process of concluding similar agreements with several other countries. An example worth mentioning is the bilateral defence agreements signed by the Ministry with many of the neighbouring countries in the Middle East.[45]

Participation in United Nations Peace-Keeping Missions

United Nations (UN) Peace-Keeping Missions comprise another significant activity of defence diplomacy (Cheyre 2013: 376). The UN, in order to address the growing needs of military forces in peacekeeping operations and to reduce the required reaction time, have created the UN Standby Arrangements System,[46] which is based on the commitments made by the member states that signed a relevant Memoranda of Understanding. In this context, the RoC has signed a Memorandum of Understanding, which requires the need for maintenance personnel's readiness in order to participate in peacekeeping operations. The National Guard participates with two members[47] in the peacekeeping operation UN Interim Force in Lebanon (UNIFIL).[48] At the same time, it has made available to the peacekeeping forces the ports of Larnaca and Limassol, as well as the airbase "Andreas Papandreou" in Paphos.[49]

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[42] Γενικό Επιτελείο Εθνικής Φρουράς (National Guard), Διεθνείς Σχέσεις - Chens (International Relations - Chens), available at http://www.army.gov.cy/el/page/CHENS (in Greek) (accessed 3 May 2017).
[43] Chiefs of European Navies, available at, https://www.chens.eu/default.aspx, (accessed 3 May 2017).
[44] Not with all states at the same level. Ministry of Defence (RoC), Bilateral Relations, available at http://www.mod.gov.cy/mod/mod.nsf/page40_en/page40_en?OpenDocument (accessed 13 May 2017).
[45] Israel, Egypt, Lebanon, Jordan, Oman etc.
[46] Union of International Associations (UIA), United Nations Standby Arrangements System (UNSAS), available at https://www.uia.org/s/or/en/1100065263 (accessed 3 May 2017).
[47] One officer and one NCO (Non - commissioned officer)
[48] UNIFIL was undertaken by the United Nations Security Council in 1978 to confirm the withdrawal of Israeli forces from Lebanon
[49] Γενικό Επιτελείο Εθνικής Φρουράς (National Guard), Διεθνείς Σχέσεις - Ηνωμένα Έθνη (International Relations - United Nations), available at http://www.army.gov.cy/el/page/organismos-inomenon-ethnon (in Greek) (accessed 3 May 2017).

Disaster Relief - Rescue Operations in Foreign Countries

The participation of defence bodies in helping civilians in any and all countries has expanded hugely in recent times, and it is a central plank of defence diplomacy policy. This can include disaster relief, humanitarian assistance, development aid and rescue operations activities.[50] Nearly all cases involve material and transportation help to victims of civil unrest, war, famine and disasters.[51] These activities are a significant means of national branding, the promotion of states' image making and influence (Heather 2012). The RoC Ministry of Defence in a lot of cases contributes to rescue operations, e.g., refugees, migrants, and in some cases in disaster relief operations in foreign countries via the provision of personnel or logistics.[52]

Participation in Fora, Summits, Conferences, and Seminars

The participation in fora, summits, conferences and seminars is a great chance for the participants to improve mutual understanding among foreign defence establishments. These opportunities help the participant countries to build their international network[53] of defence links, promoting regional confidence as well as goodwill (Cheyre 2013: 379). The Ministry of Defence and the National Guard personnel participate in a lot of these kinds of events, mainly via the European Union spectrum.[54]

Conclusion

The purpose of this paper was to outline the basic frame and breadth that Cyprus' defence diplomacy operates. Despite the fact that, Cyprus is a small state in the international system, with all that this entails in the exercise of the diplomatic practice, RoC, particularly in the last ten years, has taken several initiatives for activities that fall in the realm of Defence Diplomacy. Of course, all these activities do not have the same intensity, duration and success in all cases.

[50] Although often discussed together, they have very distinct missions.
[51] Typically, these activities can include programs such as the construction or improvement of schools, digging freshwater wells, and providing direct medical and veterinary services to people and their livestock.
[52] See at: The Joint Rescue Coordination Centre (JRCC), available at http://www.mod.gov.cy/mod/cjrcc.nsf/index_en/index_en?OpenDocument (accessed 10 May 2017).
[53] For the Network Diplomacy see, Heine, J. (2013), 'From club to network diplomacy', in A. Cooper, J. Heine, and R. Thakur (eds), The Oxford handbook of modern diplomacy. Oxford: Oxford University Press, 54- 69.
[54] For example, the seminars and conference which are organized by the European Security and Defence College and European Defence Organization.

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