



# Security Council

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## Report of the Secretary-General on his mission of good offices in Cyprus

### I. Introduction

1. The present report on my mission of good offices in Cyprus covers developments from 23 December 2015 to 30 June 2016. It focuses on the record of activities carried out by my good offices mission under the leadership of my Special Adviser, Espen Barth Eide, regarding the fully fledged negotiations between the Greek Cypriot and Turkish Cypriot leaders. In its resolution 2263 (2016), the Security Council welcomed the progress of the leaders-led negotiations so far and the ongoing efforts to reach a comprehensive and durable settlement, and it encouraged the sides to grasp the current opportunity with determination to secure a comprehensive settlement.

### II. Background

2. In my previous report ([S/2016/15](#)), I noted that the sides had engaged in the negotiations with a problem-solving approach and that their leaders had taken positive steps toward translating their common vision of a united Cyprus into concrete progress and strategic compromises on a number of key issues. At the same time, I also recognized that further work remained.

3. During the reporting period, the Greek Cypriot leader, Nicos Anastasiades, and the Turkish Cypriot leader, Mustafa Akıncı, continued to pursue their efforts to achieve a mutually acceptable and sustainable comprehensive settlement on the basis of relevant Security Council resolutions as well as the Joint Declaration adopted by the sides on 11 February 2014. Since May 2015, when the current round of talks between the two leaders began, Mr. Anastasiades, and Mr. Akıncı have systematically engaged in this leader-led process and have reiterated their resolve and genuine desire to reach a solution to the Cyprus problem, underscoring on many occasions the economic benefits and wider opportunities that a viable and sustainable solution would bring to both communities.

4. For the first time, I met Mr. Akıncı and Mr. Anastasiades together on 21 January 2016, on the margins of the annual meeting of the World Economic Forum, in Davos, Switzerland. On that occasion, I held a very comprehensive discussion with them on the state of play in the talks. I commended them for their efforts and leadership. I recognized that significant progress had been made but also



that a number of sensitive and difficult issues remained. I therefore encouraged them to continue to work tirelessly towards finding a comprehensive solution to the Cyprus issue as soon as possible, for the benefit of all Cypriots.

### **III. Status of the process**

5. Since my previous report, in January 2016, the two leaders have maintained a steadfast commitment to the process. They have continued to engage in person in extensive discussions on a wide range of issues across the chapters under negotiation. During the reporting period, they met on average twice a month, holding a total of 14 meetings, while their negotiators met as many as three times per week, for a total of more than 40 meetings over the past six months. More importantly, the pace and regularity of the meetings have continued to be accompanied by a serious and determined effort to move the process forward, even if, at times, the issues on the table proved to be complex and challenging.

6. As noted in my previous report, the sides have focused mostly on four of the six chapters under negotiation, namely, governance and power-sharing, property, economy and European Union matters. Through their sustained engagement, the leaders have achieved further progress on a range of issues, particularly those related to governance and power-sharing, including citizenship and property. They also continued to conduct extensive negotiations on the economy chapter and maintained their common vision to negotiate a settlement that would be in line with European Union principles, translating this into various understandings and convergences.

7. In a joint statement issued on 15 May 2016 to mark the first anniversary of their talks, the leaders expressed their satisfaction with the essential progress that had been achieved during a year of intensive negotiations. They reiterated that, although there were still difficulties and differences, they were determined to show the necessary will and courage to overcome outstanding issues. Importantly, the leaders underlined their commitment to intensify their efforts in the coming months with the aim of reaching a comprehensive settlement agreement in 2016.

8. Building on that statement, the leaders issued another statement on 8 June in which they announced that they had agreed to intensify the negotiations and to start meeting twice a week, beginning 17 June 2016, to work to resolve outstanding issues in an agreed structured manner.

9. During the first two meetings of the intensified phase, held on 17 and 23 June, the leaders worked thoroughly on topics related to the governance and power-sharing chapter. In particular, building on the framework set out in the Joint Declaration of 11 February 2014, as well as on work conducted by their negotiators over the past months, they reached additional convergences on the list of federal competences and further clarifications on issues related to treaty-making powers and coordination and cooperation between the future federal Government and the constituent States.

10. In the course of the reporting period, the leaders, their respective negotiators and teams of experts worked particularly intensively on the property chapter. Taking into consideration the framework announced on 27 July 2015, in which the leaders had agreed that the individual's right to property would be respected and that there

would be different alternatives for the regulation of the exercise of that right, the sides initially held the negotiations on property on the basis of their respective position papers and materials. Following detailed, serious and, at times, difficult discussions, they were able to formulate a joint paper on property. While divergences remain and are recorded in the joint paper, it is important to note that this is the first time in the talks that the sides negotiate this critical chapter on the basis of a joint document. The sides have focused in particular on such issues as the categories of affected properties, definitions, criteria, and the composition and functioning of the Property Commission, which will be mandated to resolve property claims. Notwithstanding the rich discussions and important understandings reached on this chapter, further work will be needed in the crucial weeks ahead to iron out the remaining divergences. On 8 June, the leaders included the issue of property among those to be worked on during the forthcoming period of intensified negotiations.

11. In the past, the sides had reiterated that the issue of security and guarantees would be discussed at a later stage in the process, owing to its international dimension. Nevertheless, during the first months of the current round of talks in 2015, the sides held initial discussions on internal aspects of security, namely, policing arrangements for a united federal Cyprus. Some divergences on this topic remain and, on 8 June, the leaders agreed to include it as one of the issues to be addressed during their period of intensified negotiations.

12. In late January 2016, the leaders agreed to embark on four technical workstreams in support of the negotiations: work to better prepare the future Turkish Cypriot Constituent State for the implementation of the European Union acquis upon entry into force of the settlement agreement, work with the international financial institutions, drafting of the constitution and the federal laws and planning for implementation. While work on the first two is progressing, drafting of the constitution and planning for implementation have yet to begin in earnest.

13. A significant feature of the current round of talks has been the recognition by the leaders of the importance of having the principles and values upon which the European Union is founded upheld and embedded in the comprehensive settlement, whilst respecting its bizonal and bicomunal character.

14. During the reporting period, increasing technical support has been provided by the European Union under the auspices of the United Nations. The Bicomunal Ad Hoc Committee on European Union Preparation, which was set up during the previous reporting period, continued to channel activities pertaining to the implementation of the European Union acquis in the future Turkish Cypriot constituent State.

15. On 4 February 2016, the two negotiators, Andreas Mavroyiannis and Özdil Nami, carried out an unprecedented joint visit to the European Commission headquarters in Brussels in order to request an intensification of the European Union technical assistance provided within the framework of the activities carried out by the Bicomunal Ad Hoc Committee. In a clear expression of support and encouragement, the European Commission President, Jean-Claude Juncker, met the negotiators jointly during their visit.

16. During the reporting period, 13 technical workshops on European Union matters were held under the auspices of the United Nations. They were led by visiting teams of experts from the European Commission, in coordination with the Personal Representative of the President of the European Commission and his team, who are based at the Office of the Special Adviser on Cyprus. The workshops were agreed on and prepared jointly with the Bicomunal Ad Hoc Committee. They covered a broad range of issues, including food safety and animal and plant health, the introduction of the euro, the free movement of goods, public procurement, the common agricultural policy, fundamental rights, data protection, banking supervision, federal education and training systems, qualifications, the free movement of workers, social policy and employment.

17. In recent months, expert groups have also proliferated in relation to the economic aspects of the talks. The working group on economy has appointed a number of sub-bodies, including expert groups on value added tax, revenue allocation, central bank issues, the euro roll-out and deposit insurance. These groups and subgroups have been meeting with increasing regularity in the past months. In addition, regular discussions about the financing of a settlement have been held by expert groups as well as at the leaders' and negotiators' levels.

18. During the reporting period, international financial institutions, including the International Monetary Fund and the World Bank, engaged in an accelerated programme of work in support of the two sides carried out under the auspices of the United Nations. This engagement stemmed from the leaders' request to my Special Adviser to seek expert technical assistance with the aim of supporting the two communities in finding sustainable solutions to economic issues in a post-settlement Cyprus, as noted in my previous report. European Union bodies are also supporting the process in this area, with regular coordination and support in relation to the financial aspects of the European Union acquis and euro zone requirements provided by European Commission and European Central Bank experts.

19. The work of the international financial institutions has been twofold: first, to assist the two sides in how best to structure a post-settlement unified economy and fiscal federal system and, second, to look into economic impacts and opportunities, including the costing of a property settlement and financing options and tools. It will be important for the sides to balance, with the assistance of the international financial institutions, economic discipline with politically palatable provisions. Several policy decisions in this area remain outstanding. In order to coordinate this wide-ranging work, my Special Adviser and his team chair regular detailed discussions via videoconference with the relevant institutions providing support to the talks.

20. Following the establishment in 2015 of a legal expert group on the drafting of federal laws for a post-settlement Cyprus, the sides agreed to set up additional working groups on specific legal matters. These relate to the drafting of a federal constitution, the functioning of the federal and constituent State judiciary and the international treaty obligations of a united Cyprus. While this development is positive, some working groups have not commenced their activities.

21. As a demonstration of their commitment to engage jointly with the public and civil society, the leaders have made during the reporting period several joint public appearances at events and social gatherings, including by addressing an event organized by the Cyprus Academic Dialogue on 13 June. For the first time, the two

leaders also appeared jointly on stage at the annual meeting of the World Economic Forum held in Davos, in January, outlining their vision for a united Cyprus.

22. Long-established technical committees, as well as those formed more recently by the leaders, have continued to meet and to work on various initiatives. For example, the Technical Committee on Education, established in November 2015, organized a series of events, including an open day held on 2 June 2016 to mark the International Children's Day, which brought together more than 100 school children from across the divide and was attended by the leaders. In addition, a bicomunal concert of classical music performed by young musicians from both communities was organized on 5 May under the auspices of the Committee on Culture. The spouses of the leaders of both communities attended the event.

23. The Committee on Gender Equality, established by the leaders in May 2015, met on various occasions and was involved in a series of events organized to raise awareness of the importance of the involvement of women in the peace process, on the basis of Security Council resolution 1325 (2000). The Committee has also been working to provide input on issues that would need to be borne in mind by the sides from a gender perspective in the framework of the settlement.

24. My Special Adviser has continued frequent contacts with international partners and relevant regional players, including the three guarantor powers, Greece, Turkey and the United Kingdom of Great Britain and Northern Ireland. He held meetings with various senior officials at the political level, both in Cyprus and on the sidelines of a number of international events. Following his official visit to Turkey in December 2015, he continued with official visits to Greece and to the United Kingdom in January 2016, and to France in April 2016. In his discussions with international interlocutors, my Special Adviser has consistently emphasized the importance of sustained international support to the negotiations.

25. Acknowledging the positive momentum surrounding the negotiations, and in support of the process, I have consistently kept the resolution of the Cyprus question high on the agenda of the United Nations, as well as on the agenda of key regional and international leaders. I have held discussions on the Cyprus question with various Heads of State and senior officials, including from Turkey, Greece and the United States of America.

#### **IV. Observations**

26. The talks between the Greek Cypriot leader and the Turkish Cypriot leader have now been ongoing for more than a year. During that time, the leaders have maintained their commitment to the process, as demonstrated by their personal engagement and by the steady pace at which the negotiations have been proceeding at all levels.

27. I welcome the leaders' statement of 15 May 2016 in which they underlined their commitment to intensify their efforts in the coming months with the aim of reaching a comprehensive settlement agreement in 2016.

28. I am encouraged by the determination and political will that have been displayed by the leaders, as well as the substantial efforts of their negotiators and negotiating teams, in the course of the reporting period. The leaders have repeatedly shown that, while each negotiates in the interests of his own community, they are

also able to take into consideration the concerns of the other community in order to reach a settlement that meets the best interests of all citizens of a future, united Cyprus.

29. While the ability and willingness of the leaders to reach mutual understandings have been a positive development, it has also proved difficult at times to translate such understandings into more detailed provisions and convergences on specific issues. I am therefore encouraged by the decision of the leaders to intensify their ongoing direct negotiations, as well as to continue to provide detailed guidance to their negotiators, in order to actively find solutions to long-standing divergences.

30. Among the challenges associated with the peace process are the necessary preparations for the implementation of a settlement, particularly in areas such as preparations for the extension of the euro currency to the future Turkish Cypriot constituent State and, more broadly, for the implementation of the European Union acquis. I welcome the important work carried out in the framework of the Bicomunal Ad Hoc Committee on European Union Preparation and note the crucial support provided in that respect by the European Commission. I urge the sides to maintain their efforts to ensure that all necessary measures are taken in a timely manner to make a smooth and successful transition possible following the settlement agreement.

31. I note positively the commitment of the international financial institutions and relevant European Union bodies to support the sides on economic aspects of the talks. The close cooperation among the international financial institutions under the auspices of my good offices has been commendable. Technical assistance and support for the negotiations by the European Commission, the European Central Bank, the International Monetary Fund and the World Bank will now need to be utilized by the leaders and negotiating teams to design jointly an economically sustainable agreement that maximizes an expected peace dividend. An important and sensitive period lies ahead, as the institutions working in support of my team in Cyprus complete diagnostic work on the current economic situation in both communities, and conclusions and policy recommendations are formulated and communicated to the two leaders and their teams.

32. Additionally, although both sides have increased their staffing in the many expert groups on economic matters in the talks, progress remains somewhat slow. I urge the two leaders to incorporate the advice and best practice guidance into their discussions in order to better structure the post-settlement federal system. It is now of critical importance to incorporate this work into the talks to ensure that policy choices are made that will lead to an economically and fiscally viable post-settlement Cyprus. My Special Adviser and his team continue to engage in a substantial coordination effort to assist the sides in translating external economic advice into viable and politically palatable settlement provisions.

33. I note the importance of the work that also needs to be conducted on legal matters. I welcome the decision of the leaders to set up various expert working groups to deal with specific legal issues. I strongly encourage the two sides to move forward with these important expert-level discussions, in particular those on constitution drafting, and reiterate that my Special Adviser and his team stand ready to facilitate and support this work with expert advice.

34. Despite full recognition by the leaders that the work in such areas as economic aspects of the talks and preparations for the implementation of a settlement, including preparing the future Turkish Cypriot Constituent State for the implementation of the European Union *acquis* upon entry into force of the settlement agreement, is critical and necessary, I note that the sides have at times allowed progress to be held up by procedural considerations. I urge them to overcome such hurdles in future to allow this important work to move forward speedily and without unnecessary delays.

35. The agreement of the leaders to establish the Committee on Gender Equality in May 2015 constituted a positive step towards increasing the participation of women and the inclusion of a gender perspective in the negotiations. I encourage both sides to support the work of the Committee and to do their utmost to ensure that a gender perspective is further mainstreamed and taken into greater consideration in the talks.

36. In line with the leaders' stated aim to intensify efforts to reach a comprehensive settlement in 2016, it is imperative not to delay efforts to prepare both communities for the eventuality of a settlement. Therefore, given the growing importance of informing the public about the process, I encourage the leaders to strengthen their efforts to communicate jointly to the public through coordinated messaging.

37. The settlement talks continue to take place against the backdrop of an ever increasingly turbulent region, posing daunting challenges well beyond the region itself, as shown by the growing terrorist threats and the refugee and migration crisis in Europe. There has been wide recognition within the international community that a solution to the Cyprus problem would also have a positive effect from a regional perspective, both politically and economically. In this context, it is vital that the guarantor powers, Greece, Turkey and the United Kingdom, remain committed to supporting the ongoing efforts of the leaders to reach a comprehensive settlement as soon as possible.

38. In the light of their agreement to begin discussions on issues related to planning for the implementation of the settlement, including the possible challenges and the necessary preparations that will be required in various areas of the agreement, I urge the leaders to engage in earnest on all aspects of this important workstream. It is also important that this work be conducted in coordination and cooperation with the ongoing planning carried out by the United Nations.

39. My good offices mission has maintained close coordination with the United Nations Peacekeeping Force in Cyprus (UNFICYP) as the latter pursued its planning in relation to a settlement, as requested by the Security Council, most recently in its resolution 2263 (2016). This planning will continue to be guided by developments in the negotiations and the views of the sides on a possible role of the United Nations in support of the implementation of the settlement.

40. The process continues to enjoy the steadfast support of the United Nations through the two missions and through the work of entities, such as the United Nations Development Programme, and that of the third member of the Committee on Missing Persons. The unity of purpose of such support is demonstrated in particular by the close synergy displayed in the work of my mission of good offices and UNFICYP, which is also ensured through the role that the Special Representative and Head of UNFICYP plays as my Deputy Special Adviser.

Furthermore, as stated in my previous report, the Office of the Special Adviser counts on the administrative and logistical support of UNFICYP, which is key to the smooth conduct of meetings between the sides, including those of the technical committees, the work of eight of which UNFICYP currently facilitates.

41. The Office of the Special Adviser is a small mission. The sharp increase in requirements resulting from the intensification of the talks, in particular the quasi-daily meetings of the sides at the political or technical level since mid-2015, has put considerable strain on its capacity. I therefore intend to strengthen it with additional resources through the appropriate budgetary bodies.

## V. Conclusions

42. Over the course of a year of talks, the current Greek Cypriot and Turkish Cypriot leaders have made clear progress on a wide range of issues in the negotiations. At the same time, undoubtedly, there is still much work that remains ahead.

43. In particular, as they tackle key outstanding issues, I call on the leaders to do their utmost to translate the significant mutual understandings they have reached in the course of the year of negotiations into concrete convergences. To achieve this, they will need to sustain their ongoing dedication and leadership, as well as a structured approach that would allow them to conclude deliberations on the issues that they have identified for the intensified phase.

44. The commitment expressed by the leaders in their statement of 15 May 2016 to intensifying efforts is a clear indication that, while the United Nations has no timelines for the process, the sides recognize that there is a unique opportunity for these negotiations to reach a positive conclusion. I strongly urge the leaders and their teams to use the coming weeks and their ongoing intensified work to make further progress as promptly as possible. This is all the more critical if they are to grasp the opportunity to move closer to their stated aim of reaching an agreement in 2016.

45. While the task at hand remains significant, the momentum and overall circumstances surrounding the process are such that they present a real, yet fleeting and fragile, historic opportunity for the sides to bring the process to a successful outcome. I remain convinced that a mutually acceptable solution to this long-standing issue can be found and that it is, today more than ever, within reach. This, however, will require both sides to act with determination, to take timely and courageous decisions and, most importantly, to look beyond the immediate present as they work together to build a common future for the island, where all Cypriots will be able to prosper in peace and mutual respect.

46. I would like to express my sincere thanks to Lisa Buttenheim, who concluded her service as my Special Representative and Deputy Special Adviser in Cyprus on 10 June 2016. Ms. Buttenheim was replaced by Elizabeth Spehar, who arrived on the island in June 2016 to assume her duties as my Special Representative and Head of Mission, as well as Deputy Special Adviser.

47. In conclusion, I wish to thank my Special Adviser, Espen Barth Eide, and the personnel serving in my good offices mission in Cyprus for the dedication and commitment with which they have discharged the responsibilities entrusted to them by the Security Council.