

**Address by the Minister of Foreign Affairs, Dr Erato Kozakou-Marcoullis, on “New Challenges and Prospects in the Eastern Mediterranean: The Cyprus Perspective”, at the Paasikivi Society think tank, Helsinki - 10/05/2012**

It is a great pleasure for me to be with you today at the prestigious Paasikivi Society in Helsinki, in a country and a city very close to my heart, since I have spent some of the most beautiful years of my life in Finland as a postgraduate student, in the 1970's.

I would like to thank the Director of the Society for inviting me and giving me the opportunity to share with you Cyprus' perspective in relation to its immediate neighbourhood, the Eastern Mediterranean.

By looking at maps of Europe, Asia and Africa, one can clearly observe that Cyprus lies on historical crossroads, in an area of the world where civilizations from east and west have met and major historic events have taken place over the centuries.

Since the early Neolithic times, some 12.000 years ago, Cyprus has been probably one of the most contested islands in the entire Mediterranean Sea, not only because of its priceless strategic location, but also because it was one of the earliest locations where copper, which was equivalent then to what today is oil and gas resources, was mined and traded in very large quantities. As a result, Cyprus became target for many invading powers throughout its tumultuous history.

The first thing one will notice when looking at a map of Cyprus and its environs is how small our country is, yet it is the third largest island in the Mediterranean Sea, after Sicily and Sardinia. The second is its proximity to the European mainland, to Africa and to Asia. Indeed, in modern times the island's proximity to the Middle East has made it a haven for refugees needing emergency evacuation from the conflicts in the Middle East, as was the case most recently during the Lebanon crisis of 2006.

In fact, Cyprus lies 280 km to the east of the small Greek Dodecanesian island of Kastellorizo and 800 km from mainland Greece, 105 km and 108 km to the west of Syria and Lebanon respectively, 200 km to the north west of Israel, 380 km to the north of Egypt and only 75 km to the south of Turkey.

Anyone who remembers the history of these countries and the wider region of the Mediterranean will be able to connect the dots between empires and rulers, major wars and upheavals, trade routes and alliances and conclude that Cyprus was historically an indispensable asset, from a strategic point of view, for the strong and dominant Powers throughout the centuries, which one after the other conquered the island.

The Independence of Cyprus from British colonial rule, in 1960, was certainly a historic milestone marred since 1974, by the Turkish invasion and the occupation of a significant part of Cypriot territory. Other major landmarks were Cyprus' accession to the European Union in 2004 and the Eurozone in 2008, which were realized notwithstanding the effects of the Turkish occupation, the tremendous destruction on our economy and the unhealed wounds on our polity and society.

Throughout this period, as a member of the United Nations, we have steadfastly held on to positions of principle, insisting on the application and primacy of international law in the conduct of nations based on the UN Charter.

For a country like Cyprus, which is not a party to any alliances and does not possess military strength, its only shield remains the scrupulous observance of international law.

Cyprus has been a responsible international actor –a small actor– but in a neighbourhood like the volatile region of the Middle East and the eastern Mediterranean, we have been an island of stability. Moreover, we have sustained and nurtured very good relations with all our neighbours –at least those willing to have relations with us.

For Cyprus the earthshaking developments of the Arab Spring are of particular significance, as we are witnessing what may prove to be a paradigm shift unfolding within our immediate neighbourhood. As a member of the European Union, the furthest member to the east and to the south, we intend to contribute to promoting and injecting the policies of the Union in our southern neighbourhood and to serving as a conduit for our neighbours in Brussels and among our European partners.

For this purpose, during the past months I have visited nearly all of the Arab Spring countries, in an effort to better understand the developments in each one of them and deliver the message that Cyprus, along with the EU, stands ready to forge an even stronger and enriched partnership. Our effort remains to promote and provide support to partners engaged in building deep and sustainable democracy, including respect for human rights and the rule of law.

In fact, EU relations with the Southern Neighbourhood is a subject which we consider to be one of our priorities and we intend to promote it as such during our upcoming Presidency of the Council of the European Union, due to start in less than two months. As part of the transformation process we are witnessing in the Arab world, it is our endeavour to promote programs aiming at empowering women and providing opportunities to youth, in an effort to bolster stability in this volatile region for future generations.

Ladies and Gentlemen,

A most recent development that provides a new variable in the quest for stability in the region of the Eastern Mediterranean is the fact that we now know with certainty that, apart from the known discoveries in Egypt and Israel, Cyprus has now been proven to have rich hydrocarbon deposits off its shores and within its southern Exclusive Economic Zone (EEZ). Lebanon is also ready to embark on its own explorations.

In order to put things into perspective, let me just mention that the U.S. Geological Survey has estimated a mean of 1.7 billion barrels of recoverable oil and a mean of 122 trillion cubic feet of recoverable gas in the Levant Basin Province, as well as 1.8 billion barrels of recoverable oil, 223 trillion cubic feet of recoverable gas and 6 billion barrels of natural gas liquids in the Nile Delta Basin Province in the Eastern Mediterranean.

Naturally, the discovery of hydrocarbon deposits is a major development for all countries in the Eastern Mediterranean. Politics aside, the enormity of investment required to exploit this offshore treasure creates an impetus of its own toward greater cooperation.

Concurrently, it is also a development which requires a great deal of prudence, and forward looking strategies and collaborations, because of the fragile nature of the region and because decisions taken today will have a determining effect for many generations to come.

As such, the Republic of Cyprus has proceeded very carefully in this matter. The discovery of hydrocarbons is only the tip of the iceberg in a long series of planned actions. We began in the 1990s by methodically building up agreements with our neighbours in line with international law

and especially the United Nations Convention on the Law of the Sea. We concluded agreements, first with Egypt in 2003, then Lebanon in 2007 and Israel in 2010, delineating our Exclusive Economic Zones, which then allowed us to proceed with an initial round of licensing for exploratory offshore drilling.

As a result, when the initial exploratory drilling was carried out by the American company Noble Energy International, in one of the blocks of our EEZ last year, it was done within an agreed and legally-proof framework. The announced results from this single drilling indicate an estimated gross resource range of 5 to 8 trillion cubic feet (Tcf) of natural gas, with a gross mean of 7 Tcf.

From an economic point of view these first positive results are very good news. Based on these, Cyprus has approximately 100 billion Euros worth of natural gas recoverable from this single plot, which can satisfy the electricity production needs of the country for 210 years.

Currently, we are drawing increased interest from major international energy companies that are considering bids for the remaining 12 plots for the second round of licensing for exploratory drilling in other parts of the Cypriot EEZ. This interest is expected to serve as a catalyst for financial investments in Cyprus.

We expect, and certainly hope, that the momentum that will be created by the sort of investment in infrastructure and financial structures for the servicing of the energy industry, will serve as a catalyst toward greater cooperation among neighbours. Building upon traditionally excellent bilateral relations with our neighbouring countries and utilizing the existing multilateral frameworks of cooperation, we aim to promote cross-boundary cooperation in various fields related to the energy sector, including maritime affairs and environmental issues.

We strongly hold that not only for our immediate neighbours, but most certainly for our partners in the European Union, the presence of hydrocarbon resources in the Eastern Mediterranean will contribute toward greater energy security for Europe, which is increasingly short of sources of energy.

In this undertaking we look forward to cooperating closely with our European partners and linking them to our partners in our immediate neighbourhood, and possibly beyond, in advancing towards greater energy security and by extension, broader economic security and stability.

Ladies and gentlemen,

It is truly regrettable that not all our neighbours have reacted positively to our efforts to explore and exploit our natural resources within our EEZ, in exercise of our sovereign rights, as these are acknowledged by international law. Turkey certainly has not.

Turkey remains the single nation in the world that does not recognize the Republic of Cyprus and refuses to have any kind of relations with us. Moreover, for the past 38 years Turkey continues to occupy a large part of our territory with tens of thousands of heavily armed troops, perpetuating the illegal attempted secession, keeping one third of the population of Cyprus forcibly displaced and exploiting their properties, not cooperating to ascertain the fate of missing persons, destroying and looting the cultural heritage of the island and holding Famagusta captive and a ghost city, in gross violation of numerous United Nations Security Council (UNSC) Resolutions.

The offshore exploratory drilling by Cyprus in its EEZ, acknowledged by the international community as being within Cyprus' sovereign rights, brought about the fierce reaction of Turkey, which not only is not a party to the UN Convention on the Law of the Sea, but it is, furthermore, arguing that islands, regardless whether they may be sovereign states or not, have no continental shelf or the right for an Exclusive Economic Zone. Of course, based on this Turkish

logic, neither would Iceland, Ireland or the UK have an EEZ for that matter.

Our neighbour to the north has also argued that its actions are meant to safeguard the rights of Turkish Cypriots. The reality of the matter is that Turkey cares less about Turkish Cypriot interests and a great deal more about its own strategic interests on the island. Its attitude and strategy toward Cyprus was to utilize real or imagined concerns of the Turkish Cypriots in order to safeguard its own interests in the Eastern Mediterranean. An example of this attitude is the massive import of settlers in such huge numbers (estimated to exceed 300.000), that the very existence of the Turkish Cypriots as a community on the island is gravely threatened.

Sadly, since September of last year, Turkey has threatened to use force, has carried out on a constant basis air and naval military exercises, illegal seismic surveying and seabed mapping south of Cyprus and has violated our sovereign rights with actions contrary to international law, and specifically the UN Convention on the Law of the Sea.

Only a fortnight ago, on April 26, Turkey proceeded with an exploratory drilling for hydrocarbons on land in the occupied part of Cyprus, violating the sovereignty and the laws of the Republic of Cyprus and creating new faits accomplis on the ground. It also went ahead with provocatively licensing TPAO, the Turkish Petroleum Company, to proceed with hydrocarbon activities within the Cypriot EEZ and the Greek continental shelf.

I would like to reiterate what we have said many times: The decisions and actions of the Republic of Cyprus to explore and exploit its natural resources within its EEZ fall squarely within its sovereign rights, which are in full conformity with international law, as these are recognized by the UN Convention on the Law of the Sea, of which Cyprus is a state party, as is Finland, along with more than 160 other countries.

Turkey's claims to the effect that it has rights and interests in relation to hydrocarbons in Cyprus have no legal foundation.

My intention in being so critical on Turkey's policies and actions is because we are extremely frustrated and fully disappointed with Turkey and its leadership after 38 years of occupation and continuing illegalities and threats. When we decided to seek and work towards Cyprus' accession to the European Union in the late 1990s, our aim was to create conditions on the island which would be seen by the Turkish Cypriots as an expression of our genuine desire to reunify our country in a democratic, peaceful, prosperous state which respects the other, and safeguards the individual.

Our support for Turkey's European aspirations was equally driven by the belief that a Turkey which is harmonized with European rules and norms, which respects human rights and is democratic, a transformed Turkey, can only benefit Cyprus. We are, after all, bound to live in this very close geographical proximity with each other, forever.

We are therefore deeply disappointed when we see Turkey failing to progress along its European path. We are disturbed to see Turkey foiling, stubbornly, its own accession process. The negotiation process remains frozen, because Turkey is failing to meet the European standards and its commitments to the European Union. It is failing because, like in international law, Turkey wants to dictate its own terms to the European Union. The statements by its leadership have left no question that they believe that Europe needs Turkey at any cost; that Europe without Turkey is a "miserable" Europe, as President Abdullah Güл only recently said.

Despite this paradoxical behaviour on the part of Turkey, we remain hopeful that the country, which aspires to be recognized as a regional, if not a global leader, will rise to the occasion. We are hopeful that the Turkish leadership will put aside polemics and threats, and adopt a more mild and statesmanlike tone and attitude. We believe that there is room for Turkey to cooperate

with its neighbours, out of genuine desire toward common ground and mutual benefit. To do that, Turkey must meet its obligations vis-à-vis the European Union and all its member states. It must meet its obligations in terms of international law.

Ladies and Gentlemen,

The last time a Cypriot official addressed the Society was back in September 2004, with a speech by former President Papadopoulos. As I have mentioned above, several things have changed since, but others have not. What unfortunately remains the same is the continuing division of the island and its people.

You are probably more or less aware of developments as regards the prospects of a Cyprus settlement. In reality, Finns had very early on become acquainted with the situation in Cyprus, through the contribution of former Prime Minister Sakari Tuomioja, the Foreign Minister's father, back in 1963 as a UN mediator for Cyprus, as well as the participation of the Finnish battalion to UNFICYP from 1964 to 1977.

Let me briefly provide you with the state of play: The current negotiating process commenced in September of 2008, following President Christofias' initiatives, which he undertook immediately after his assumption of the Presidency in March 2008. The basis of the solution was mutually agreed with the Turkish Cypriot leadership in joint statements: a bizonal, bicommunal federation with political equality, as defined by the Security Council resolutions on Cyprus, with a single international personality, single sovereignty and single citizenship, excluding any form of union, in whole or in part with any other country as well as any form of partition or secession. Our commitment to this basis remains absolute and unwavering.

It was also jointly agreed that the negotiating process will be Cypriot-owned and Cypriot-led and without the outside imposition of strict timetables and arbitration. The solution must serve the interests of the Cypriot people and not those of third parties: past experience has proven that outside interference is detrimental to the process and potentially to the end result. The UNSC reconfirmed in April the Cypriot-owned and led character of the process.

Over 150 meetings between President Christofias and the leadership of the Turkish Cypriot community have taken place since the commencement of the negotiating process. Some important convergences had been achieved during the first two years on issues of governance and power sharing (particularly, the issues of federal executive, sovereignty and the four freedoms), the economy and EU affairs, as a result of our constructive proposals, which have not been reciprocated by the other side.

The main stumbling block for the continuing lack of progress is that Ankara, which continues to hold the key to unlocking the solution, maintains a policy in support of a confederal solution of two separate states instead of a bizonal, bicommunal federation. Its public pronouncements in support for a solution are contradicted by its actions which undermine the process and the efforts for a solution; Turkey's position in the ongoing negotiations continues to be entirely contrary to its obligation towards the EU, which is to support, in concrete terms, the efforts for a solution in accordance with the UNSC resolutions on Cyprus and in line with the principles on which the EU is founded.

Sadly, this negative posture is exemplified and echoed in the negotiations by the current Turkish Cypriot leader, Mr Eroglu, who undermines the agreed basis of the negotiations by public pronouncements and the submittal of negotiating positions well outside the agreed UN framework. Mr Eroglu has repeatedly spoken publicly and privately about the need to accept the "realities" on the island and about the existence of "two states", "two peoples" and "two nations".

The UNSC has held five meetings with the leaders of the two communities over the past eighteen months, the most recent at Greentree, New York, on January 23-25. The outcome of this latest meeting proved disappointing yet again, since convergences on the internal aspects of the negotiations –governance and power-sharing, property in conjunction with territory and citizenship– were not achieved due to the Turkish Cypriot side's continued prevarication. This approach constitutes an insurmountable obstacle to achieving tangible progress, in the absence of which, moving on to the next phase of the negotiations –addressing the international aspects of the Cyprus Question at an international conference– will be untenable.

Regrettably, in the period following the January meeting, we have witnessed that the Turkish Cypriot side has not changed course and has, in fact, solidified its inflexible positions on all core issues. As a result of this counterproductive stance, the UNSC informed President Christofias and Mr Eroglu, in April, that the conditions for convening an international conference do not exist and instructed his Special Adviser, Mr Alexander Downer, to conduct a round of shuttle diplomacy in the first part of May.

On our part, we stand ready to fulfill the UNSC's call for decisive steps towards an agreement. It remains crucial that the UNSC and the international community lend their support to continuing the Cypriot-led negotiation and to encourage both communities to overcome the current stalemate.

Regrettably, and very worryingly, high-ranking Turkish officials, as well as members of Mr Eroglu's negotiating team, seem to be increasingly engaged in lobbying for a so-called Plan B approach, if the negotiations are not concluded by the 1st of July 2012, namely the date of the assumption of the Presidency of the Council of the European Union by the Republic of Cyprus. Such artificial deadlines have never been accepted and in fact they have been condemned unanimously by the European Council last December.

Should this artificial deadline not be observed, the Turkish Minister for Europe, Mr Bagis, has, in fact, spoken quite provocatively recently in favour of annexing the occupied areas to Turkey, while Mr Eroglu's chief aide, Mr Ozersay, has raised the possibility of abandoning the settlement framework of a bizonal, bicommunal federation in favour of purported alternative models of cooperation.

The Turkish Cypriot leadership has also begun openly voicing the view that this is the moment for promoting the recognition of the so-called TRNC through the Organization of Islamic Cooperation (OIC).

These acts clearly reaffirm, unfortunately, the Turkish side's lack of commitment to the objective of securing Cyprus' peaceful reunification under one federal roof. It is our firm contention that these Turkish attempts must be decisively rejected by the international community, by communicating to Ankara, in the strongest possible terms, that such a stance is categorically unacceptable and that it is imperative to finally begin negotiating in good faith strictly within the context of the agreed-upon basis.

Lastly, I cannot fail to refer to the issue of the return of the fenced-off town of Varosha that has recently been raised in the Turkish Press, with speculation about its return to its lawful inhabitants under the so-called Turkish Cypriot administration. It must be stressed that President Christofias advanced a very constructive proposal in July 2010 involving, inter alia, the issue of Varosha, a proposal that was rejected out of hand by the Turkish side. The proposal, which continues to be on the table, linked the transfer of the fenced-off town to the United Nations, with the aim of restoring it and returning it to its lawful inhabitants (in accordance with Security Council resolutions) to the opening and operation of the Famagusta port, under the aegis of the EU, for the conduct of trade by the Turkish Cypriot community. Additionally, within the same

context, it was proposed that the walled city of Famagusta, a monument of Cypriot cultural heritage, would be restored. The positive ramifications of implementing this package proposal would also extend to Turkey's EU accession course.

Ladies and Gentlemen,

The end of Cyprus' division, through peaceful reunification, will undoubtedly have a very important collateral influence on achieving and maintaining a much needed environment of stability and peace in the turbulent region of the Eastern Mediterranean.

We remain convinced that the ramifications of this singularly positive effect will be felt on a variety of issues.

For the European Union, a settlement that is in line with its values and norms would demonstrate the reach of its soft power in contributing concretely to peace, prosperity and regional cooperation. Additionally, Cyprus' peaceful reunification would upgrade its inescapable bridgehead role as the EU's south-easternmost frontier at the crossroads of a vitally important region for Europe's political and economic role on the world stage.

For the countries in the region, a Cyprus solution and the normalization of our country's relations with Turkey, inescapably, leads to the removal of several obstacles to closer regional cooperation, including in areas of crucial economic significance such as hydrocarbon exploration and exploitation in the Eastern Mediterranean.

For the reasons I explained the prospects stemming from these new discoveries of recoverable natural gas reserves represent a tectonic shift in the matter of energy security, both for the immediate geographic neighbourhood but also for all of Europe.

Additionally, a Cyprus settlement on the already agreed-upon basis and in line with international law will provide a much needed boost to Turkey's accession course towards the European Union, leading to further democratic reforms internally and a more responsible stance externally in Turkey's relations with its neighbours, including another EU member state, Greece.

Obviously, a Cyprus solution on its own is far from enough in the transformation of the region and in the finding of durable solutions to longstanding complex problems. Nonetheless, a settlement in Cyprus that is in line with international law and European values, and which safeguards for all its citizens their fundamental human rights and basic freedoms, will have undeniable value as a paradigm for other disputes and conflicts.

We are convinced that, in a region where stability has proven to be an expensive commodity, a solution to the Cyprus problem, which reunites the island and its people, will have a resonance not only in the region but further afield.

Let me conclude by quoting the Finnish author Henrik Tikkanen, in a very pertinent comment: "Because we don't think about future generations, they will never forget us."

On our part, we are determined to do our best with the aim of proving a more stable, more prosperous and more reconciliatory future in the region that we live in, for the sake of generations to come, so that our legacy is remembered for all the right reasons. We certainly hope that all of our neighbours will concur to this collective cause.

Thank you for being here and thank you for listening to my speech.