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A MARRIAGE OF INCONVENIENCE: RUSSIA'S STRANGLEHOLD ON CYPRUS

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Exercise Solo Flight

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Cyprus was a breath away from economic collapse. It was a big battle in which we came out wounded, but upright and determined to make a fresh start.

- Nicos Anastasiades

After the financial crisis in 2014, Cyprus was thrust into a perilous economic crisis due to poor investments and deep associations with the banks of Greece. As per President Anastasiades' quote, Cyprus has survived and has been given a second chance to pursue economic prosperity. The source of Cyprus' salvation is Russia. Quietly over the past several decades, Russia has asserted itself in a position of dominance in an island state that is culturally aligned with Greece and a sitting member of the European Union. Despite what transpired before and during the conflict, Cyprus has developed into a liberal society that enjoys a peaceful existence despite the presence of an unwanted aggressor holding roughly a third of their land mass and sovereign territory. Other than a common adherence to Christian Orthodoxy there appears to be no obvious link between the states. Yet the population of Cyprus is made up of more than 50,000 Russian speakers and the city of Limassol has two Russian-language newspapers. Therefore, Russia's relationship with Cyprus is rather paradoxical.

The reasons for this bilateral arrangement are rooted in a situation that has been borne out of circumstances related to the failed resolution of the conflict with Turkey. These circumstances have placed western interests and relations with Cyprus in a perilous situation due to existing alliances with Turkey. In this, Russia has exploited an opportunity to assert a position of power in Cyprus under a veil of charitable idealism.

This paper argues that Cyprus is a nation that has strategic value to Russia and that through the use of an effective campaign based on their realistic actions, Russia has quietly established a position of dominance that has the potential to threaten Western interests on the island. This paper will challenge Costas Melakopides' assertion that Russia's interests in Cyprus are idealistic. It will examine the reasons which caused Russia to establish an interest in Cyprus and why a peaceful resolution of the sustaining conflict is not in their strategic interests. Additionally, it will set the framework of what Russia can do in the future based on the execution of their realist strategies.

Accordingly, this paper will not delve into the origins of the conflict in Cyprus, but rather focus on what has transpired since the Turkish invasion. As Evriviades and Bourantonis outline, the UN was successful in peacekeeping but not in peacemaking. They assert that the cause of this is due to lacking political expediency and will.¹ There is substantial evidence to support this claim. However, it is the fallout of these political failures that will be explored, in order to establish how Russia was presented an incredible opportunity to make strategic gains in Europe and the Eastern Mediterranean.

First and foremost, the challenges facing the West when carrying out diplomatic and economic relations with Cyprus stem from their pre-existing alliance with Turkey. Turkey officially joined NATO with, ironically, Greece in 1952. In spite of the fact that the original crisis centered on an ethnic and religious divide between Greek and Turkish Cypriots, these two allies have had and still do have significant cultural influence on the Island. That being said, it is because of this alliance with Turkey that the West cannot sell or distribute something that Cyprus identifies as an essential need, arms.

¹ Marios Evriviades and Dimitris Bourantonis, "Peacekeeping and Peacemaking: Some Lessons from Cyprus," *International Politics*. 1, no. 4 (Winter 1994): 408.

Indeed, an embargo had been in place preventing such a measure until President Obama, in 2015, signed an amendment that permitted the sale of US-made defensive weapons to Cyprus. Director Endy Zemenides of the Hellenic American Leadership council hailed this action “as an important step in the growing strategic partnership between Cyprus and the United States.”² The problem is that in the decades that followed the commencement of the conflict, Cyprus had limited options to maintain a credible defensive posture. Russia was more than happy to supply that need. Consequently, the Cypriot military’s offensive arsenal has been sourced by Russia, to include main battle tanks, artillery and attack helicopters.

Moreover, Russian arms proliferation in Cyprus had led to heightened diplomatic tensions, when in 1997 Greek Cypriots signed a contract to acquire S300 surface-to-air missiles. With a mounting arms race between both sides, Cyprus’ ambition to protect itself from airborne threats proved to be a destabilizing matter. The issue at hand was that with this new capability Cyprus would be able to shoot down Turkish aircraft as they launched from the southern mainland of Turkey. At one point, Turkey’s foreign minister had insinuated that all necessary action would be leveraged to prevent the delivery of the missiles.³ Efforts by both the Americans and British to dissuade or delay the Russians from going ahead with the sale had gained no traction. As a result, tensions in the region had risen to a critical point and a resumption of the conflict seemed likely. Only through an exhaustive negotiation process did Greek Prime Minister Costas Simitis and Cypriot President Glavcos Clerides decide to prevent the installation of the missiles in Cyprus but

² George Psyllides, “Obama signs bill allowing sale of defensive weapons to Cyprus,” *Cyprus Mail*, 28 November 2015.

³ David Hannay, *Cyprus: The Search for a Solution* (London: I.B. Taurus & Co, Ltd, 2005), 70-72.

rather place them on Crete. Ultimately, the burgeoning crisis had been averted but at great cost. Many Cypriots had been left with the feeling that their government had succumbed to external pressures, threats and blackmail.⁴ This sentiment was undoubtedly harmful to relations with Western states as Russia would appear to be immune from criticism for interference in allowing Cyprus to credibly display an inherent right of self-defence.

To that end, a negative public perception of the West has also worked to provide Russia with an advantage in pursuing strong bilateral relations. American and British indirect involvement in Cypriot affairs going back as far the 1960s has established a pretense that they are pro-Turkish. The reason for this is that nations who actively involve themselves in the pursuit of a settlement are perceived negatively by the public and press. To illustrate this point, representatives from the United Nations, the European Union and Britain have been portrayed by the media and more importantly the church as biased and untrustworthy. An archbishop said that Alexander Downer, the former Prime Minister of Australia and once Special Representative of the United Nations, was “untrustworthy and had to leave,” while the political elite often questioned his neutrality.⁵ Thus, it can be inferred that external assistance in conflict resolution is tantamount to meddling, in the Cypriot public view. Additionally, the press perpetuates this myth by inundating the public with a persistent barrage of conflict related reporting which presents a negative view of foreign intervention. From 2003 to 2009, 63.9% of the headlines from Cyprus’ three major newspapers made reference to the existing conflict

⁴ Murat Metin Hakki, *The Cyprus Issue: A Documentary History 1878-2007* (London: I.B. Taurus & Co, Ltd, 2007), 49.

⁵ Constantinos Adamides, “Negative Perceptions of Foreign Actors: An Integral Part of Conflict-Perpetuating Routines,” in *Great Power Politics in Cyprus*, ed. Michalis Kontos, Sozo-Christos Theodoulou, Nikos Panayiotides and Haralambos Alexandrou, (Newcastle upon Tyne: Cambridge Scholars, 2014), 212-214.

while 25% of those portrayed a negative spin on foreign intervention.⁶ Therefore, the conditions have been set for Russia to exploit an opportunity where the popular opinion of the West as meddlers is wide spread and persistent.

In the meantime, Russia quietly gave the impression that it was in favour of establishing a fair settlement to the conflict, through its position on the Security Council. All the while, their actions spoke to the contrary. In 2004, Russian ambassador, Stanislav Osadchiy, attended a seminar coordinated by hardline Greek Cypriot politicians who were not in favor of settlement agenda proposed by President Bush. Later the ambassador had apologized, stating that he had misunderstood the nature of the seminar. That being said, the nature of the meetings was obvious as were its organizers stance on the settlement proposal.⁷ Additionally, the 2004 referendum to broker a deal failed not only because of lack of support amongst Greek Cypriots but that Russia was the only member of the Security Council to veto it. The significance is exemplified by the fact that this was the first time that Russia had utilized the veto in over a decade.⁸ Nonetheless, the growing public sentiment pertaining to Moscow's interests in Cyprus is that they are a protector, not a meddler.

To illustrate, an accomplished academic, Costas Melakopides, who taught at the University of Cyprus in Nicosia, has asserted that Russia's actions have been carried out with pragmatic idealism. He goes on to write that Moscow's Cyprus policies have been "overwhelmingly friendly, supportive, and protective."⁹ The basis of this is that Moscow

⁶ *Ibid.*, 203- 204.

⁷ Andrew Higgins, "Cyprus Fears Russian Meddling in Its Settlement Talks," *New York Times*, 5 February 2017.

⁸ Sara Stefanini, "Cyprus fears Russia could wreck reunification," *Politico*, Feb 17, 2017.

⁹ Costas Melakopides, *Russia-Cyprus Relations: A Pragmatic Idealist Perspective* (London: Palgrave MacMillan, 2016), vii.

recognizes the legitimate government of the Republic of Cyprus. In contrast, he writes that Washington and London are “ultimately tolerating Turkey’s Cyprus-related anti-Hellenic designs.”¹⁰ Indeed, Melakopides in his “Russia Cyprus Relations” goes on to solicit opinions of other distinguished academics from Cyprus and Russia who share his views. The danger in this is that this argument, in a way, legitimizes Russia’s actions as charitable and not out of self-interest. This is categorically false as the following section will address. Indeed, Russia has projected an image that is pro Greek Cypriot and one that is amicable to a peaceful resolution to the crisis. However their actions, particularly in the selling of arms have escalated the situation rather than pacifying it, as discussed earlier. It therefore becomes clear that Russian aims with Cyprus are duplicitous in nature. Hannay, Britain’s former Special Representative for Cyprus, points out that “Russia had a two-track policy – support for the (diplomatic) settlement negotiations and selling any weapons that the Greek Cypriots would buy.”¹¹ As a result, while Russia benefits from a narrative that supports their claim that they want a settlement, their actions say otherwise. To be sure, these diametrically opposing agendas reveal the true realistic nature of Russia’s interests in Cyprus.

Since the conditions have been set for Russia to have a position of dominance in Cyprus, while the West suffers from a construed identity as meddling, the question is what does Russia stand to gain from this relationship? The answer lies in two main categories, financial gain and Cyprus’ strategic placement in the Mediterranean Sea.

Firstly, from a financial point of view Russia has made economic gains through the fore mentioned sales of arms. However, arms-dealing is not the full extent of this

¹⁰ Costas Melakopides, *Russia-Cyprus Relations: A Pragmatic Idealist Perspective...*, 7.

¹¹ David Hannay, *Cyprus: The Search for a Solution...*, 72.

economic partnership. Cyprus has become an offshore banking haven for Russian investors. It has been reported that up to \$31 billion in Russian money has been deposited into Cypriot banks. Consequently, Cypriot financial institutions have been rife with accusations of money laundering and tax evasion. Additionally, Cyprus' largest financial institution, the Bank of Cyprus, was on the brink of bankruptcy in 2014. Its salvation came from its largest creditors, Russian oligarchs with significant ties to the Kremlin.¹² At the very least, the Moscow Times estimates that Russian companies make up 10% of Cyprus' GDP.¹³ Additionally, Cyprus is Russia's second-ranking source of foreign investment that is largely comprised of repatriated capital.¹⁴ This has granted Moscow access to banking institutions that they can control within the European Union, the consequences of which are still being defined.

In fact, the strategic vision for this relationship is simple. Igor Torbakov, a Senior Fellow at the Center for Russian and Eurasian Studies in Sweden, suggests that it is in Moscow's interests to build a group of friendly countries in the European Union to counter the growing "pro-American bloc."¹⁵ This viewpoint solidifies the realist perspective of what Russia hopes to achieve with this financial relationship. Some may interpret this as a balance of interests as Cyprus gets something out of this as well, namely the avoidance of financial ruin. Indeed, there is merit to this argument. However, it should not be overlooked that stirring up dissent within the European Union, by bailing out financially vulnerable member states such as Cyprus and Greece, creates a discourse

¹² John Reed, "Following the Money: Russia, Cyprus, and Trump Team's Odd Business Dealings," *Just Security*, 30 March 2017.

¹³ Athena Tacet, "Cyprus: Russia's Potemkin Village in the European Union?," *Huffington Post*, 16 April 2015.

¹⁴ Paul J Saunders, "Cyprus port deal gives Russia navy alternative to Tartus," *Al-Monitor*, 3 March 2015.

¹⁵ Costas Melakopides, *Russia-Cyprus Relations: A Pragmatic Idealist Perspective...*, 80.

that denounces economic sanctions against Moscow.¹⁶ As a result, this clearly articulates the realist ambitions of Russia and an opportunity to influence the European Union. Should they be successful in subverting opinion within the Union in their favour, the sky is the limit including shaping policy throughout the continent including the Balkans, an area that still captures their interest.

Secondly, Cyprus' strategic placement in the Eastern Mediterranean frames another key aspect of their realist ambitions. Cyprus is the closest European nation to the troubled state of Syria, which is still significantly important to Russia. During the Cold War the Syrian port of Tartus represented the Soviet Union's foothold in the Mediterranean and a gateway to the Middle East. However, with sustained conflict in Syria being the norm for the foreseeable future, establishing a similar presence a mere 150 miles away has provided Moscow with a tantalizing opportunity. Accordingly, in 2015 Russia presented Cyprus a deal that they simply could not refuse. In exchange for cutting interest rates on the 2.5 billion euro Russian bailout loan and extending payments to 2021, Moscow would be granted regularized naval access to the port facilities in Limassol.¹⁷ This unprecedented access should clearly articulate Russia's realist ambitions of establishing a permanent military presence in the region. However, President Anastasiades attempted to calm fears by stating that this deal is based upon Russia's "humanitarian aims, which are supplies of provision and refueling of vessels as well as for the rescue of Russian nationals and their evacuation from neighbouring countries."¹⁸ However, this rationalisation veiled in liberal and humanitarian concerns loses its validity

¹⁶ Athena Tacet. "Cyprus: Russia's Potemkin Village in the European Union?," Huffington Post, 16 April 2015.

¹⁷ Paul J Saunders, "Cyprus port deal gives Russia navy alternative to Tartus," Al-Monitor, 3 March 2015.

¹⁸ Nicos Anastasiades (speech), Address on Russian Navy Deal, Nicosia, 5 March 2015.

when one considers that the permanent presence is not by a fleet of naval auxiliaries and supply vessels, but rather a full naval task group consisting of ten warships led by the destroyer *Severomorsk*.¹⁹ To that end, this permanent naval presence represents a significant tactical threat in a region that NATO has worked without opposition since the Cold War. Additionally, this deal has placed Cyprus in the precarious position of trying to defend their actions to their European Union partners at the risk of alienation and creating a political divide, which plainly plays into Moscow's realist agenda.

Certainly, one Western nation in particular stands to be directly affected by this move, Britain. At present, the British occupy two sovereign bases in Cyprus that are holdovers from a difficult colonial past. Although, British-Cypriot relations have been largely amicable, there still exists under riding sense of distrust. Britain's reaction to the Russian naval deal was comprised of worryment and disappointment. In response, Britain deployed a further 75 soldiers to Ukraine in order catch Putin's attention. Meanwhile, Putin responded by buzzing Britain airspace with bombers shortly thereafter.²⁰ Consequently, this escalatory behaviour has the potential to drive a wedge between Cyprus and Britain. This too is something that Russia could seek to exploit.

Another aspect of Cyprus's strategic placement that benefits Russia, are the rich and abundant offshore gas reserves that encompass the region off their southern coastline. With the discovery of the Aphrodite gas field in 2011, Nicosia now possesses a potential revenue stream that has the potential to yield upwards of 800 billion euros. The Cypriot government has since started dividing their precious find into blocks, which they have

¹⁹ Paul J Saunders, "Cyprus port deal gives Russia navy alternative to Tartus," *Al-Monitor*, 3 March 2015.

²⁰ Ian Drury, "Putin's Cyprus deal gives Russia a foothold in the EU: British MPs blast island's decision to let Moscow's navy use its ports," *Daily Mail*, 27 February 2015.

made available for negotiation with foreign developers. The United States, France and others have been successful in gaining access to these contracts. However as of yet, Russia has not.²¹ Russia's lack of success in gaining access to this resource and the management of its supply and distribution should not be underestimated. The fact that it exists presents a tempting opportunity to exploit. As Moscow's realist agenda in area continues to evolve this may be another aspect of Cyprus that they may work to exploit.

This paper set out to argue that Cyprus is nation that has strategic value to Russia. Specifically, that Russia has been waging an effective campaign of realism, not pragmatic idealism. The actions of Moscow throughout contemporary history are rarely, if ever, associated with the virtues of liberalism or idealism. Their actions in Cyprus prove that this is not an exception to that rule. Russia has established a position of dominance through a deliberate campaign of exploiting a situation that was created through a poor execution of conflict termination. This situation gave credence to the myth that the West were meddling in affairs that were contrary to Cypriot goals and were anti-Hellenic in their intent. All the while, Russia's position had been solidified as protector and provider of economic prosperity. This was all accomplished through the execution of a two track policy which gave vocal support to a peaceful resolution of the conflict and another that blocked progress to that end through a veto, supporting hard line Cypriot sentiment and building tensions with Turkey through an arms race.

By analysing how Russia has capitalised on Cyprus' need for arms and financial assistance following the threat of bankruptcy, it becomes clear that their motives have been to drive a wedge into the European Union. By capitalising on this opportunity,

²¹ Igor Delanoë, "Cyprus, A Russian Foothold in the Changing Eastern Mediterranean," *Middle East Review of International Affairs*. 17, no. 2 (Summer 2013): 87-88.

Russia has captured a foothold in the European economy and the resumption of a tactical footprint in the Mediterranean. The ramifications of this could lead to fractures in the Union that could threaten its collapse or its actions on contentious issues such as energy distribution and the Balkan states.

As the permanent presence of the Russian fleet at Limassol unfolds, Britain's position on the island could become compromised too. With an increasing Russian populace and the creation of Russian media on the Island, Britain could find themselves victim to an easily exploitable information warfare campaign, based on a difficult colonial past. Western nations should take notice of this trend and examine what is at stake if the status quo is allowed to persist or evolve.

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