

Hellenic Observatory

A.G. Leventis Research Innovation Programme on Cyprus

Small States Navigating Shelters and Political Shocks: The Republic of Cyprus Between EU Sanctions and Multivector Foreign Policy

Policy Brief

Stavros Piperidis, Johns Hopkins SAIS
Revecca Pedi, University of Macedonia, Thessaloniki, Greece

Cyprus After the War in Ukraine

Building Bridges Between a Rock and a Hard Place

Stavros Piperidis & Dr. Revecca Pedi¹

Introduction

Russia's invasion of Ukraine and the imposition of EU sanctions that followed signified a turning point in the relationship between the Republic of Cyprus (RoC) and Russia and undermined the former's multivector foreign policy. Still, as the war in Ukraine and growing turbulence in the Middle East rock the international order, the Republic of Cyprus (RoC) aspires to play a greater role in the region and beyond. In the words of Foreign Minister Constantinos Kombos at the launch of the Strategic Dialogue between the United States and Cyprus, [“Cyprus is part of the solution”](#). How can the RoC, squeezed between the embrace of the West and the chill of strained ties with Russia, amid ongoing turmoil in the Middle East and given its small size and the unresolved Cyprus Question leverage its position to play the highly sought-after role of the bridgebuilder in the region?

Given that the bridgebuilder role has become part of the RoC's national autobiography and a key component of the Republic's current foreign policy, it is crucial to understand the challenges the RoC faces in implementing its foreign policy and provide some proposals it can follow to pursue an upgrade of its status in the region and beyond.

While the Republic of Cyprus (RoC) has largely gained acceptance for reorientating its foreign policy, contentious issues remain, such as relations with Russia and specific expectations from the EU. These unresolved matters create vulnerabilities, which could be exploited by malign actors seeking to undermine social cohesion in Western societies. **The RoC must therefore anticipate such risks, especially as tensions with Russia and turbulence in the Middle East persist, and enhance domestic unity.** Moreover, the government must skillfully navigate its relationship with the EU Institutions and member states in the region and beyond to **ensure leveraging the RoC's foreign policy reorientation.** Both elites and the public view **France and Greece as reliable partners, and enhancing cooperation with them**—both within and outside the EU framework—will meet the expectations of both groups and bolster the RoC's position. Additionally, regional initiatives enjoy widespread support, and in light of the prevalent fear and uncertainty in the region, **regional security-focused partnerships will be highly beneficial.** The RoC also has faced [a credibility deficit](#) within the EU, hindering its efforts to assert itself in the region and beyond. **Restoring its reputation for transparency and integrity is essential if Cyprus aims to become a regional leader.** Last but not least to assert itself effectively, **substantial investment in foreign policy making is needed**—not just in terms of financial

¹ The authors are thankful to the Hellenic Observatory at the London School of Economics for their financial support, generously provided by the A.G. Leventis Foundation through the A.G. Leventis Research Innovation Programme on Cyprus.

resources and institutional reforms, but also in fostering a cultural shift in how foreign policy is crafted and adopting a more inclusive foreign policy making model.

The RoC Between a Rock and a Hard Place

Small states face unique challenges within a polarised international system. The resurgence of interstate conflict, exemplified by the war in Ukraine, underscores their critical vulnerability and herculean task – ensuring national security with limited economic and military might while increasing competition among great powers leaves them with little room to manoeuvre. Strengthening their self-help capabilities, showing commitment to collective security and multilateral cooperation, assuming diplomatic roles that fit small states like that of a mediator or a bridgebuilder, and attracting economic investments are among small state options that can enhance their resilience and amplify their diplomatic influence. That is why small states seek shelter in strategic alliances and regional organizations, to harness their economic, diplomatic and societal capital.

[The foreign policy of the RoC has matured over time](#) towards this direction. Shifting towards strengthening a diverse network of international partnerships has been an integral part of its [status-seeking efforts](#) after its accession into the EU. A key pillar of this multivector approach was cultivating [close relations with Russia](#) based on historical, cultural, and economic ties. The two countries signed dozens of agreements spanning diplomacy, trade, defence, banking, energy, and tourism. Russia saw value in Cyprus' EU membership and viewed Nicosia as a potential bridgebuilder between itself and Brussels. However, Russia's full-scale invasion of Ukraine in 2022 severely strained this relationship.

As an EU member state, the RoC imposed sanctions on Russia, despite their previous blossoming economic and diplomatic relations. Maintaining close ties with Russia became untenable as the invasion violated core European principles of territorial integrity and sovereignty - principles highly salient for Cyprus given its own experience with Turkish occupation. Despite economic pressures and deteriorating relations with a key vector in its foreign policy, the RoC ultimately prioritised its Western orientation and EU commitments over maintaining ties with Russia after 2022. This shift significantly recalibrated its foreign policy in response to the new regional security environment. At the same time, the RoC confronted severe challenges stemming from the region. The ongoing war in Gaza, the threat of an escalation of the war across the Middle East, refugee flows, organized crime and terrorist attacks, increase insecurity and undermine the RoC's efforts to strengthen regional cooperation and establish new partnerships. The stalemate in the progress of the trilateral partnership mechanisms is indicative. Although the Amalthea initiative highlighted the RoC's potential to play a key role in the region, continuing turbulence is not in the RoC's interest. Nicosia is also vigilant of the growing strategic autonomy of Turkey and its destabilising role in the Eastern Mediterranean. The occupied part of the island in the north poses a serious threat as it creates a security gap in the Eastern Mediterranean by serving as a terror haven and a hub for money laundering. This [destabilises the region, facilitates illegal activities, and poses threats to U.S.](#)

[and European security](#). Additionally, the [buffer zone sees increasing illegal migration flows which strain the RoC's resources](#).

Policy Proposals

Against this backdrop, to continue pursuing a bridgebuilder role in the region the RoC should adapt its foreign policy to evolving circumstances. While the Turkey factor and the unresolved Cyprus Question remain central challenges, these are complex, red-line issues that cannot be easily addressed through a set of policy proposals. In this policy brief, we outline six key areas where a strategic and informed focus can have a meaningful impact. Our point of departure is the altered dynamics in Cyprus' relationship with Russia, shaped by sanctions, and heightened regional turbulence. To navigate these challenges the following policy proposals are recommended to the RoC:

1. Capitalize on its commitment to the EU and Enhance its Ability to Play the role of the bridgebuilder, both within the EU and beyond it.

With its eyes on the EU Presidency in the first half of 2026, the RoC should capitalize on its privileged regional position to enhance its bridge-building initiatives. Leveraging its deep knowledge and established partnerships within the region and beyond, Cyprus can lead discussions on the EU strategy in the Middle East and its Southern Neighborhood. In preparation for the EU Presidency, the RoC should act as a bridge-builder among the EUMED9 countries, revitalizing the coalition of Mediterranean states within the EU. This initiative is particularly important given the EU's current focus on the Eastern front and the potential of the Easternization of the EU foreign and security policy. Additionally, the EU Presidency would provide a unique opportunity for the RoC to advocate for a stronger Common Defence and Security Policy (CSDP), working towards bolstering the EU's capability to act as a security shelter for its member states. As interest in the CSDP is reemerging, the RoC should stir the debate and coalesce with other interested member states in this effort.

2. Strengthen defence cooperation with France, a key EU partner, to bolster Cyprus' security capabilities and deterrence.

To bolster the RoC's security capabilities and deterrence through enhanced defence cooperation, Nicosia should further enhance its security cooperation with France, ensuring commitments to joint defence initiatives and support in times of crisis. Cooperation should also continue in conducting regular joint military exercises to improve interoperability and readiness. Also, France's close security relations with Greece and Egypt can provide the springboard for an EastMed security Quartet. Given that all three countries are considered key partners by both foreign policy elites and the public, such an initiative will gain high levels of domestic approval. In addition, France having its own interests in the region and being a fervent supporter of the CSDP will see the RoC as a credible partner in the region and within the EU.

3. Advocate for a new security architecture that capitalizes on existing regional networks, titled Eastern Mediterranean Security and Stability Mechanism (EMSSM/EastMedSSM):

This mechanism is envisioned to include regional powers, like EU members, Eastern Mediterranean countries, and potentially other strategic partners. It will focus on enhancing security and stability in the Eastern Mediterranean region through joint efforts and collaboration. It encompasses both traditional military cooperation and efforts to address non-traditional security threats, like terrorism and climate change. The implementation includes organising summits and working groups to develop the mechanism's framework and action plans and fostering collaboration on intelligence sharing, joint operations, and strategic initiatives. The benefits stemming from such a mechanism include enhanced regional security and stability, strengthened cooperation on counter-terrorism, fighting organized crime, addressing climate change, and other critical issues in the era of permacrisis, as well as increased diplomatic influence and strategic positioning for the RoC. Given the strained relations between many states in the region, this proposal might appear ambitious. However, regional cooperation must begin somewhere, and tackling shared threats provides a logical starting point. Establishing a joint think tank focused on security and cooperation could serve as an initial step in this process.

4. Establishing a Regional Training Center for Financial Compliance, Anti-Money Laundering, Anti-Corruption and Risk Management

The RoC can become a leading provider of financial compliance, anti-money laundering (AML), anti-corruption and risk management solutions for the Middle East and North Africa (MENA) region. It can establish a Regional Training Center to enhance regulatory frameworks and combat financial crimes. Key collaborators include the Ministry of Finance, Law Office, Financial Intelligence Unit, Central Bank, Financial Action Task Force, European Union, United States Treasury, financial institutions, audit firms, financial technology companies, and universities, potentially supported by the European Union or the United States. The training centre would be valuable for MENA countries by providing access to high-quality training and expertise in financial compliance, helping them strengthen their regulatory frameworks and combat financial crimes. For the EU and the US, it would contribute to their efforts in promoting global financial transparency, combating money laundering, and countering terrorist financing, while also facilitating smoother financial transactions with the MENA region. By spearheading this initiative, the RoC can emerge as a leader in regulatory compliance and financial integrity, and simultaneously prevent instability through capacity building of its partners. Concerns about rising risks stemming from the occupied territories due to corruption and illicit financial flows make such an initiative of utmost importance. In addition, given that the RoC has been a weak link in those areas within the EU, emerging as a regional leader by utilizing its past experiences will increase its credibility.

5. Enhance Domestic Unity

The RoC needs to identify any rift between elite and public perceptions regarding EU sanctions and foreign policy direction, to address public concerns and prevent the exploitation of foreign policy controversies by malign actors. In this sense, it should anticipate and mitigate risks. Proactively identify and counteract potential disruptions to the RoC's foreign policy and social unity. Small states achieve high levels of unity when there is a widespread sense of a just, transparent, working political system that ensures meritocracy, beneficial reforms, resilience, progress and inspires trust. Malign actors identify weak spots in these areas to breach public trust. Thus, policies that strengthen the justice sector, transparency, economic security, social cohesion, and meritocracy should be prioritized.

6. Invest in Foreign Policy Capabilities

For the RoC to strengthen its regional standing, a substantial and strategic investment in foreign policy is imperative. This goes beyond simply increasing financial resources or implementing institutional reforms—it requires a fundamental cultural shift in how foreign policy is crafted. Small states like Cyprus often face significant resource limitations within their Ministries of Foreign Affairs, compared to major powers, particularly. To overcome these constraints, the RoC can tap into the expertise of its universities, think tanks, and civil society organizations. By doing so, it can expand its knowledge base, foster innovation, and create a more open and participatory foreign policy process. This approach not only conserves valuable state resources but also makes foreign policy formulation more transparent and inclusive. Furthermore, by engaging these institutions to raise public awareness, the government can better inform citizens about Cyprus's foreign policy objectives, challenges, and opportunities, thereby enhancing transparency, building public trust, and fostering broader support for its strategic initiatives.

Stavros Piperidis is a graduate student in International Relations at Johns Hopkins SAIS, where he is a Public Service Fellow, a Fulbright Fellow in Greece, an Onassis Foundation Scholar, and an A.G. Leventis Foundation Scholar. He works in the fields of strategy, international security, and transatlantic relations. Stavros holds a Bachelor's degree in International and European Studies, with a focus on Political Studies and Diplomacy, from the University of Macedonia. He also interned at the Permanent Representation of Greece to NATO and at the NATO Rapid Deployable Corps - Greece, where he provided political advice, composed research, and assisted in operations planning, while he also served as a Corporal in the Military Police.

Rebecca Pedi is an Associate Professor in International Relations at the University of Macedonia, Thessaloniki, Greece. Her research interests lie in the International Relations of Small States, International Relations in the Eastern Mediterranean, International Relations of the EU and Foreign Policy Analysis. Her research has been published in peer-reviewed international journals and edited volumes published by esteemed international publishing houses. Her research projects have been funded by national and international institutions. Rebecca is a member of the governing board of the European International Studies Association and the co-chair of the Small States in World Politics Section within the same Association. She has been invited to give lectures at the Swedish Defence University, Carleton University, University of Barcelona, University of Iceland, and the Parliament of Luxembourg, among others, and she often cooperates with think tanks and policy-making communities. She holds a Bachelor of Arts from the Department of Balkan Slavic and Oriental Studies, as well as two Master's degrees—one in Political Economy from the University of Sheffield (with honours), and a Master of Philosophy in International Relations from the University of Cambridge, where she received a distinguished scholarship from the

Cambridge European Trusts. She received her PhD from the Department of International and European Studies at the University of Macedonia.