



# The U.S. And the Republic of Cyprus: Newfound Partners Amid Geopolitical Shifts

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During the twenty-first century, the Republic of Cyprus (RoC) has deepened its relationship with the U.S. Enhanced security cooperation, economic ties and shared strategic interests highlight this evolution.

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## Background and Relations

The U.S. established diplomatic relations with the RoC in 1960 following its independence from the United Kingdom (UK). However, the island has been divided since 1974, following a Greek junta-backed *coup d'état* and the subsequent Turkish military invasion and occupation of the island's north which remains to this day under Turkish-Cypriot administration. The U.S. maintains that the division of Cyprus is unacceptable and continues its support of efforts to reunify the island.

For years, the relationship was rather weak, affected by historical narratives about the negative role that the U.S. and NATO played in the Cyprus conflict, as well as the RoC's traditionally close ties with the Soviet Union and later Russia. This gradually changed in the twenty-first century, partly after the RoC's accession to the EU in 2004, but mostly after the mid-2010s for various reasons. Firstly, the financial crisis that hit Cyprus and the EU imposed bail-in started to sever the RoC's financial dependencies on Russia. Soon after, Turkey made a significant shift towards Russia, developing strong bilateral ties on different levels including trade, energy, security and defence. The RoC saw its traditional partner, Russia, aligning with Turkey and hence feared potential repercussions. Thus, the RoC's

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gradual shift towards the U.S. was born out of pragmatism, driven by structural changes which were further assisted by a right-wing, pro-Western government domestically alongside the U.S.'s growing interest in the Eastern Mediterranean and Middle East—as seen for instance through the adoption of the EastMed Act (2019) and the Abraham Accords (2020).

Between 2014 and 2023, RoC-U.S. economic relations showed distinct upward trends in trade and FDI. According to the U.S. Bureau of Economic Analysis, U.S. exports to Cyprus included services, capital goods and industrial supplies, while imports from Cyprus mainly comprised transport services and various goods. Cyprus exports to the U.S. increased from USD 353 million in 2014 to USD 2.2 billion in 2023, while imports grew from USD 472 million to USD 1.7 billion, resulting in a 2023 trade deficit of USD 508 million, compared to a surplus of USD 119 million in 2014. In terms of FDI, U.S. investments in Cyprus rose significantly, from USD 2.7 billion in 2014 to around USD 15 billion in 2023. Conversely, Cypriot FDI in the U.S. declined from USD 2.5 billion in 2014 to USD 215 million in 2023. This latter decline was mainly due to the imposition of stricter American screening on Cypriot FDIs as the country was in a process 'de-Russianising' its economy. However, Cypriot FDIs to the U.S. are now expected to increase against a background of improved relations. For the moment, though, despite Russia's financial influence waning in the 2010s, according to the International Monetary Fund (IMF), it still remains the strongest partner for both inward and outward FDIs.

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## Public Perceptions

Although public perceptions in Cyprus have traditionally been pro-Russian and anti-Western, there has been a shift in recent years. This is partly because of Russia's relationship with Turkey, the Russian invasion of Ukraine and the more significant U.S. engagement in RoC initiatives or networks of cooperation in the Eastern Mediterranean. Although there is lack of adequate data, information provided by a 2010 survey conducted in the context of an EU-funded project 'Reconciliation and Peace Economics in Cyprus' (EuropeAid Cypriot Civil Society in Action II Programme) is nevertheless indicative.

This survey queried Greek Cypriot opinions regarding the influence of various countries and organisations in solving the Cyprus problem. Perceptions of the EU and Russia stood out in contrast to opinions about the UN, UK and U.S. Most Greek Cypriots had negative views of the UK (76%) and U.S. (68%), while around 33% viewed the UN negatively. Positive views of Russia (35%) were lower than the EU (46%) but much higher than the UN (20%). Russia, the EU and the UN were similarly regarded as neutral mediators, with around 40% seeing them as potential unbiased brokers. The UK (12%) and U.S. (18%) did not share this status. Overall, Greece, Russia and the EU were seen as having a positive impact on resolving the Cyprus problem, while Turkey, the UK and the U.S. were viewed negatively.

Contrarily, in a survey conducted in 2019 by Kappa Research, Russia is listed third as a desired ally after the U.S. and France. In this context, the media in Cyprus generally portrays the U.S. in a positive light, emphasising the benefits of bilateral cooperation in security and economic sectors. However, there are nuanced views, with some political factions, particularly certain centrist and left-wing parties, expressing caution about over-reliance on the U.S. According to the government, and the biggest party, right-wing Democratic Rally (DISY), Cyprus is becoming a strategic partner of the U.S. and that comes with many benefits. On the other hand, the left-wing Progressive Party of Working People (AKEL)—the second biggest party—made the case that ‘the country’s submission to the U.S. does not render it a pillar of security but the opposite’.

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## Security Cooperation

Within the framework of recent improvements, the U.S.-RoC relationship has *inter alia* been marked by significant security cooperation, including the 2018 Statement of Intent on bilateral security cooperation, accreditation of the RoC’s first defence attaché in Washington and the establishment of the Cyprus Centre for Land Open Seas and Port Security (CYCLOPS) that aims to strengthen security capacity-building in Cyprus, the EU and the Eastern Mediterranean through international partnerships. These offer training in non-military security areas such as customs and export controls, port and maritime security, chemical, biological, radiological and nuclear substances and explosives material management as well as cybersecurity. Other significant developments included the lifting of the U.S. arms embargo from the RoC, joint military exercises and a Defence Cooperation Agreement signed in 2024. The bilateral relationship culminated in a meeting between U.S. President Joe Biden and Cypriot President Nikos Christodoulides at the White House in October 2024. Further, in the context of the Eastern Mediterranean Security and Energy Partnership Act of 2019, the RoC has acquired a place in the U.S. regional security architecture which includes the countering of Russian influence.

Being rather new, the RoC-U.S. partnership has to date had enough time to develop only in the more traditional security sectors. The deals made so far encompass mostly cooperation in military security, training, intelligence exchange, search and rescue operations, research and innovation, as well as the prospect of energy collaboration. Lastly, there is some expectation that the U.S. could meaningfully contribute to resolution of the Cyprus conflict by leveraging Turkey. However, given the complex geopolitical landscape and the U.S.-Turkey relationship, it is not certain that Washington will be able to play such a role or that Turkey considers it to be an ‘honest broker’.

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## Policy Implications for the EU

The RoC's partnership with the U.S. certainly enhances its role within the EU and positions Nicosia as a crucial intermediary, promoting EU policies that align with U.S. interests in the region. The RoC leverages its U.S. ties to advocate for a more integrated EU approach to security and energy policies, emphasising the need for collective measures to address regional challenges. What is more, the partnership has been contributing substantially to the RoC's capacity-building, rendering it a more capable EU Member State. Nicosia's proactive stance in regional diplomacy highlights the constructive role that it can have on the EU's most south-eastern edge, not least in areas such as security, conflict resolution, development and energy security.

The election of Donald Trump is not expected to change U.S. foreign policy towards Cyprus or the Eastern Mediterranean substantially, even if his approach towards Turkey is more lenient than that of his predecessor. Indeed, one could argue that at its core the U.S. approach to these issues—based on the logic of off-shore balancing—has not significantly changed since the administration of Barack Obama. However, when it comes to U.S.-EU relations, the Trump administration is likely to follow a more unilateral and divisive approach, including a possible effort to mitigate the U.S.' engagement in the Ukrainian conflict, thereby creating more challenges for the U.S.-EU-RoC triangle and perhaps even presenting Cyprus with dilemmas. Also unknown is whether the U.S. under Trump will shift away from its principled stance on the Cyprus Problem, towards a more pragmatic and transactional approach in the context of U.S.-Turkey relations.

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## Recommendations

In terms of how to move forward in the EU-RoC-U.S. relationship, there are a few possible suggestions.

Firstly, the EU and RoC should deepen defence cooperation with the U.S. to bolster regional security. This includes joint military exercises, intelligence sharing and collaborative defence projects. Such integration ensures robust preparedness against common threats and strengthens the Western bloc's strategic depth in the Eastern Mediterranean, not least based on the RoC's growing capacities and activities.

Secondly, cooperation with the U.S. in the energy sector should be extended, focusing on the development of renewable energy sources and regional energy infrastructure. The EU and RoC can leverage American technological advancements and investments to diversify energy sources, reduce dependence on external actors and enhance overall energy security.

Thirdly, economic ties should be expanded by facilitating greater trade and investment opportunities between the EU, RoC and the U.S. This includes promoting bilateral business exchanges, supporting start-ups and small and medium-sized

enterprises as well as collaborating on technological innovation and digital transformation. Enhanced economic relations will drive growth, create jobs and foster sustainable development.

Lastly, while deepening ties with the U.S., the RoC should also advocate for a more autonomous EU. This includes developing independent EU defence capabilities, coherent and comprehensive foreign policies on issues such as the Middle East peace process and crafting tailored economic sanctions and trade agreements. Strategic autonomy will enable the EU to act decisively in its own interests while maintaining a strong transatlantic partnership.

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The University of Cyprus, established in 1989, is the largest and most prestigious public university in Cyprus. Located in Nicosia, it offers a wide range of undergraduate and postgraduate programmes across disciplines.