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GREECE

(PM Karamanlis visit to
UK, October 1979)

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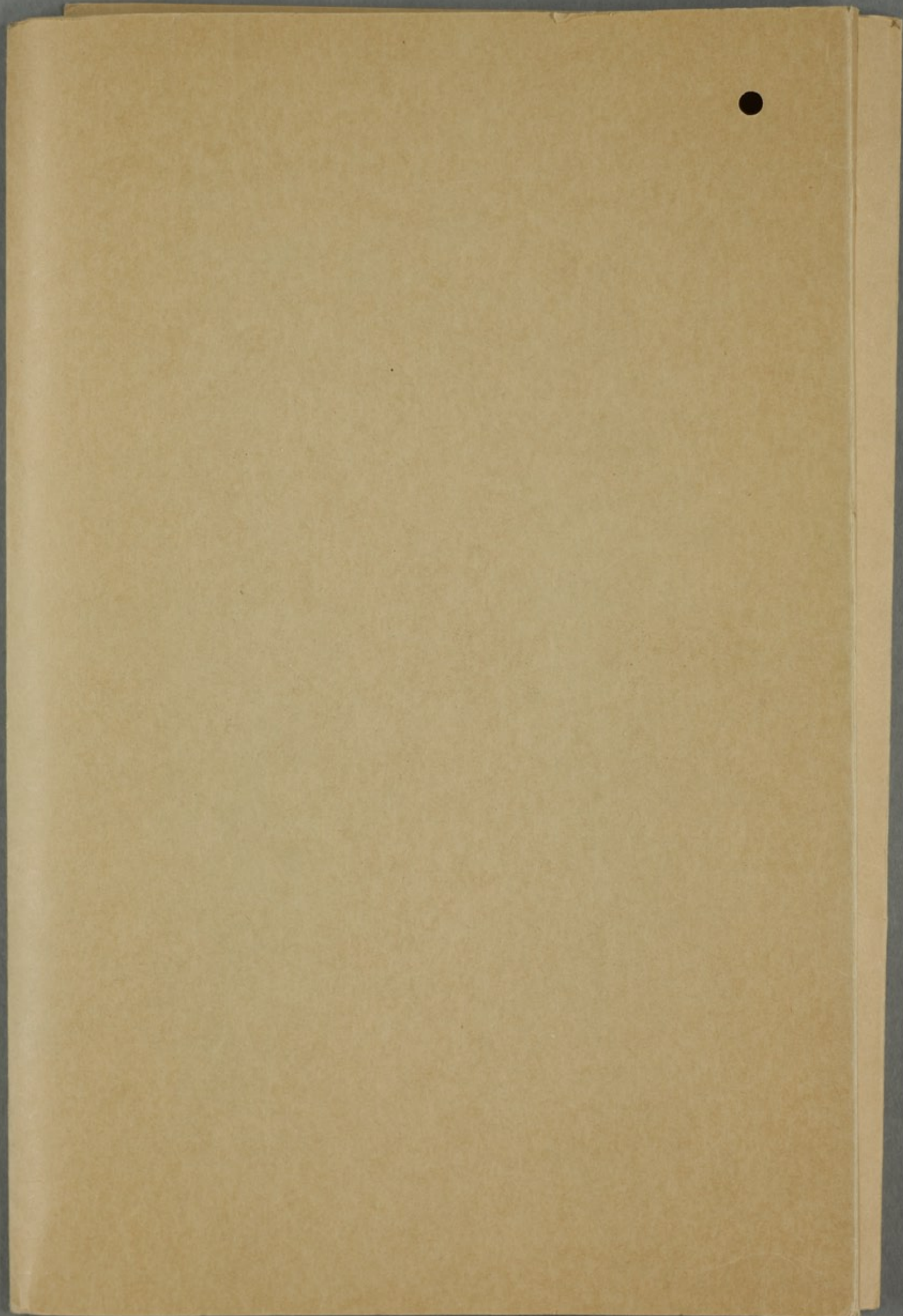
Visits to London by Mr. Karamarkis, the Greek Prime Minister.

GREECE

September 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
18.9.79							
18.9.79							
16.10.79							
24.10.79							
25.10.79							
8.11.79							
25.10.79							

PREM 19/65



Greece

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cc Mr
DODD
5/22
T

10 DOWNING STREET

From the Private Secretary

25 October 1979

Dear George,

VISIT BY MR. KARAMANLIS

As you know, the Greek Prime Minister, Mr. Karamanlis, called on the Prime Minister yesterday. I enclose a copy of the record of the discussion.

I am sending copies of this letter, with a copy of the enclosure, to Brian Norbury (Ministry of Defence) and Martin Vile (Cabinet Office). I am also sending a copy of this letter, together with extracts from the record dealing with bilateral relations and the Greek economy, to Ian Ellison (Department of Industry), Bill Burroughs (Department of Energy) and Stuart Hampson (Department of Trade).

Yours ever

Richard Alexander

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE
PRIME MINISTER OF GREECE, MR. KARAMANLIS, AT 10 DOWNING STREET
ON WEDNESDAY 24 OCTOBER AT 1150

Present

The Prime Minister	Mr. Karamanlis
Mr. J.L. Bullard	HE M. Stavros Roussos
Mr. M. O'D. B. Alexander	HE Ambassador Molyviatis

* * * * *

Bilateral Relations

*cc PM TOMS
Abroad
Initiations by
Government*

Mr. Karamanlis began the discussion by thanking the Prime Minister for Britain's contribution to the success of the negotiations for Greek accession to the European Community. He was also pleased to learn that the Greek Treaty of Accession was to be ratified soon. It would be excellent news if Britain were to be the first member of the Community to ratify. Mr. Bullard said that ratification was expected in January. The Prime Minister said that she regretted not being able to go to Athens for the signing of the Treaty but that she hoped our promptness in ratifying would make amends. Mr. Karamanlis said that he hoped to receive the Prime Minister in Greece before long. He was owed three visits. The Prime Minister said that despite her great interest in Greek history she had never visited the country.

The Prime Minister said that she was anxious that there should be good commercial relations between the United Kingdom and Greece. Britain was interested in the project for building coal-fired power stations and in selling tanks. Britain's tanks were excellent and their Chobham armour was the best available. The Prime Minister understood that the discussions were going well.

Mr. Karamanlis, having noted that there were no bilateral problems between the two countries, said that he was looking for the best fields in which to develop broader cooperation. The Minister of Coordination would be visiting the United Kingdom

/in mid-November

in mid-November and he would be raising a number of issues:

(a) The Greek Government were planning to build two 350 megawatt coal-fired power stations. This would be a major British investment and the power stations would use British coal.

(b) The Greek Government were negotiating with the Soviet Union about the construction of an alumina plant. They would like to reach agreement with other members of the EEC which had aluminum plants to take the alumina from the proposed Greek plant.

(c) Greece wanted to buy 1 million tonnes of oil in the first few months of next year. The delivery dates in the existing Greek contracts for the supply of oil had slipped and Greece was going to be short of oil in the first three months of 1980. It would be a great help if Britain could supply the missing quantity.

(d) Greece was electrifying and modernising her railway system and there might be openings for British firms.

Mr. Karamanlis said that Greece could make no commitments at present in regard to defence expenditure. The Greek economy was entering a difficult phase and he was not yet quite sure how the situation would develop. But if at a later stage Greece decided to purchase tanks, he would bear in mind the excellent British product. His military experts considered that Britain's tanks were superior to those of anyone else. They were the ones Greece should have.

The Greek Economy

The Prime Minister took note of the points made by Mr. Karamanlis and agreed that they could be discussed further during the visit of the Minister of Coordination. She asked

/about the

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about the difficulties being encountered by the Greek economy. Mr. Karamanlis said that until recently it had been doing well. During the last five years growth had been at the rate of 5½ per cent per annum. There had been a considerable expansion in investment. There was no unemployment. The difficulty was inflation. Before this year, it had been averaging 11 per cent per annum. This year it would be 20 or 21 per cent. Of that 21 per cent, 5 per cent was due to increases in the price of oil and another 3 per cent to the abolition of subsidies on foodstuffs prior to entry into the EEC. Were it not for these two factors, inflation would have been running at the regular rate of around 11 or 12 per cent. Next year he hoped to get the inflation rate down to 14 or 15 per cent. The other major weakness in the Greek economy was the balance of payments. This was running at a considerable deficit at present and the oil price increases had not helped the situation. Although there were favourable counter-balancing factors, e.g. political stability of the country and the fact that it enjoyed social peace, it was necessary for the Government to go very carefully at present. Mr. Karamanlis concluded his account of the internal situation in Greece by saying that in comparison with many periods in the past Greece was now doing very well.

NATO

Mr. Karamanlis said that the difficulties over the reintegration of Greece into NATO had caused him disappointment and given rise to some doubt in his mind about the future of the Alliance. It was the first time to his knowledge that someone had asked for membership and been refused. He had left NATO because of the unhelpful attitude of other members at the time of the Turkish invasion of Cyprus. He had said then that he would reintegrate Greek forces into NATO if NATO helped to resolve the Cyprus problem. NATO had failed to do so but he had none the less asked to be re-admitted. This was the greatest inconsistency in his career and one which had occasioned much criticism at home. The Prime Minister

/said that

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said that his decision had been both courageous and wise.

Mr. Karamanlis said that following his decision to rejoin NATO, Generals Haig and Davos had agreed on terms and their agreement had been accepted by the other members of the Alliance as satisfactory. However, it had then been vetoed by Turkey and General Haig had amended the Agreement in a way unacceptable to Greece. Given that it was in Turkey's interest for Greece to rejoin, Mr. Karamanlis found it difficult to understand the absence of any welcome. The present situation of being kept waiting at the door and being offered terms was an insult to the dignity of his country. The Prime Minister said that she fully agreed that it would be in everyone's interest, including Turkey's, for Greece to rejoin and that she understood Greece's reaction to the present situation. Was it the case that the talks planned between General Haig's successor, General Rogers, and General Davos that had ^{been} arranged to take place this month had been postponed? Mr. Karamanlis said that it was true that the talks had been postponed. General Davos was awaiting his return before doing anything further. Mr. Karamanlis did not know what decision he would take when he got back. He had been waiting a long time. The terms originally negotiated between Generals Haig and Davos had been reasonable and moderate. The other members of the Alliance would have to persuade Turkey to accept them.

The Prime Minister asked whether Greece wanted the position to be precisely the same after re-entry as when she had left. Mr. Karamanlis said that some problems had existed at the time of Greece's departure. Greece's status within the Alliance should be exactly the same as previously. The outstanding problems should be discussed after re-entry had taken place. A particular problem related to the control of air space in the Aegean. The Turks sought a settlement linking this issue with other bilateral issues. This was unacceptable to Greece. Defence issues must be kept separate

/from other

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from other problems. General Haig's latest proposal was not acceptable - politically, nationally or militarily. The attempt to distinguish between national and international air space over the Aegean, where there were 2000 Greek islands, was impracticable. It simply would not work. When the Alliance was ready to talk seriously, Greece would be ready. But she was not prepared to bargain every day: there were too many leaks. Mr. Karamanlis said that he was a staunch supporter of NATO and intended to persist with his request for re-entry. But he was under pressure to withdraw his request and time was not unlimited. There might be political developments in Greece which would force the withdrawal of the application.

The Prime Minister said that she was glad to have heard Mr. Karamanlis' account of the problem. NATO was essential to the defence of the free world. She was very anxious that it should be solved. A problem for one member was a problem for all the members. Mr. Karamanlis said that it was because he agreed with the Prime Minister's analysis that he wanted Greece to re-enter the NATO military structure. He was not prepared to knock on the door and be rebuffed. It would be more logical for the Alliance to be asking Greece to rejoin and for Greece to be imposing terms. And there was another paradox. NATO had been anxious to save Turkey for the sake of the strength of the Alliance as a whole. To that end the arms embargo had been lifted and a great deal of financial assistance given. But now the allies were allowing Turkey to weaken the Alliance by blocking Greece's re-entry. Turkey should be told to consider the wellbeing of the Alliance as a whole.

Turkey

The Prime Minister asked whether the result of the recent by-election in Turkey would change the situation. Mr. Karamanlis

/said that

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said that it was extremely difficult to make predictions about the future of Turkey. The position there was very bad. He regretted this. He could not pretend to have any love for Turkey but unless there was a stable and strong government in the country, Greco/Turkish problems would never be solved. It was not merely a question of instability in the country. There were great political passions and considerable tension. He had (indirectly) urged the Turks to have a general election as soon as possible. There was no sign that they intended to listen. A general election would of course bring great uncertainties but it was the only way to defuse the situation. Failing an election, the only way to control the situation might be for the army to come in. Mr. Karamanlis did not want this but it might happen none the less. He added that in present circumstances the extension of aid to Turkey was a waste of time. No plans could be made. More and more aid would be requested and swallowed up.

Cyprus

Mr. Karamanlis said he had been dealing with the Cyprus question for twenty-five years. He recalled a photograph in Time magazine many years previously under which had been the caption that this was a picture of Mr. Karamanlis "whose hair had gone white over Cyprus". In 1959, to avoid war and to ease relations with Turkey, he had abandoned ENOSIS, a long-held aspiration of the Greek people, and accepted independence for the island. But after his departure mistakes had been made by the Colonels, by Archbishop Makarios and by the United Kingdom. On top of this the Turks had committed a crime. Now the problem was rotting. He could see no way out. The arms embargo had been imposed because of Cyprus and had been lifted in the expectation that Turkey would offer a solution. In the event, the Turks had become more intransigent. Others could express hopes and wishes, but only Turkey could solve the Cyprus problem because it was Turkey that was occupying part of the island.

/The Prime Minister

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The Prime Minister asked about the role of President Kyprianou. She had asked in Lusaka why the Greek Cypriots and Turkish Cypriots could not solve the problem on their own. He had replied that they could but were prevented from doing so by external interference. Mr. Karamanlis said that the Greek Cypriots did not depend on him, but the Turkish Cypriots did depend on Ankara. It was not Mr. Denktash who occupied the islands - it was 30,000 Turkish troops who did so. The occupation had cost the Turks \$2.3 billion. It had given Turkey a bad reputation and earned her condemnation in various organisations. Ankara could both offer and impose a solution. It was in Turkey's interest to heal the wound. But the Turks seemed to have no intention of doing so.

Mr. Karamanlis said that he was not optimistic about the prospects. Problems like that in Cyprus could only be solved by courageous decisions. Petty bargaining would not produce a solution. There had been a number of meetings but after each meeting the participants quarrelled about what they had agreed. There were three major issues:

(a) Territorial - i.e. what part of the island each community should control. Although the Turks constituted only 20 per cent of the population, Mr. Karamanlis said that he would be prepared to see them control 25 per cent or more of the land.

(b) Constitutional - there should be a federal state with a central government guaranteeing the unity of the state and each community should have a large measure of autonomy, e.g. in religious and economic matters. But foreign policy, defence and the federal budget should be reserved for the central government.

(c) Refugees - there were 200,000 refugees in Cyprus.

/There were

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- 8 -

There were two ways of solving major political issues. Either one could start with small matters and work down to the fundamental issues, or vice versa. Cyprus required the second approach. Unfortunately, people had talked about everything except the fundamentals. The political courage to tackle those fundamentals did not seem to exist. Pretexts were being sought to avoid solutions. Moreover the West was being inconsistent in its approach to the problem. They focussed on the situation in Cambodia; on the trials in Czechoslovakia; on civil rights in general. But they ignored what had been happening in Cyprus, the plight of the refugees who had lost their homes and the many people still unaccounted for.

Mr. Karamanlis said that he was not hostile to Turkey. But the South East flank of NATO was in a state of disintegration. The Alliance was entitled to ask Turkey to be reasonable in its approach to the problems of the region. The Prime Minister agreed that the area was particularly vulnerable. The Alliance could not afford such weaknesses at a time when Soviet strength was constantly increasing. The situation in Turkey was very worrying. A repetition in Turkey of what had happened in Iran would expose NATO's flank. But it was difficult to know what to do about Turkey so long as they refused their cooperation. The IMF had asked the Turkish Government to put their house in order but they had failed to do so. Mr. Karamanlis said that the Turks did not cooperate with anyone on anything. When the international effort to aid Turkey had been announced, the Turks had said that they had no-one to thank but themselves. Greece sought good relations with Turkey but found no response. After averting war over Cyprus in 1974, Mr. Karamanlis had told the Turks that there were three approaches to the problems of the Aegean: dialogue, arbitration or war. Four years of dialogue and negotiation had produced no result. The Turkish attitude appeared to ignore the existence of the Greek islands. But the Greek Government could not sink the islands in order to please the Turks. Mr. Karamanlis had therefore proposed

/to the Turks

to the Turks that they should go to the International Court of Justice at The Hague. Mr. Demirel had agreed and a joint Communique had been issued. Ten days later he had reneged on the agreement, saying that he had not read the Communique properly. This was not a serious approach to the problem. Finally, Mr. Karamanlis said that he had proposed, in the Greek Parliament, a non-aggression pact. This was designed to give time to discuss the problems of the Aegean calmly. At first the Turks had accepted but on seeing the draft had changed their minds. Mr. Karamanlis said that no doubt the Turks saw matters differently and had their own arguments, but he had presented the matter as he saw it. He was deeply worried by the situation in the region.

The Prime Minister said she was very grateful to Mr. Karamanlis for having set out his views so fully. She agreed about the importance of reaching a settlement with Turkey since this would help to stabilise a region which, given the situation in Iran and Afghanistan, was dangerously unstable and which the Soviet Union would be keen to exploit.

Soviet Union

Mr. Karamanlis said that it was natural for the Soviet Union to try to profit from the West's mistakes. He had just returned from a visit to Moscow and Leningrad. He had gone because of comments which had been made to the effect that Greece was the only Western European country whose Prime Minister had never been to Moscow. He had made it plain, to avoid misunderstanding, that Greece was going as a member of NATO and of the EEC. The Russians had said that they understood this clearly. The only comment they had made about Greece's membership of the Community was that once they were a full member they would, as the weakest and poorest member, be subject to exploitation by the other members!

/The Soviet

At this point, the Prime Minister and Mr. Karamanlis adjourned to take lunch where they were joined by, among others, the Foreign and Commonwealth Secretary, the Lord President, the Secretary of State for Trade and Sir Michael Palliser.

The Soviet leaders had made a persistent effort, throughout his visit, to convince him that they were peaceful, anxious to increase cooperation, and secure agreements in the field of disarmament. They had said that failure to ratify SALT II would result in an escalation of the arms race and that the modernisation of NATO's Theatre Nuclear Forces would have a similar effect. They had been very insistent and very categorical about their good intentions. If he had not known that it was propaganda, he might well have been convinced by their sincerity. However, he had made it plain that he did not accept their arguments. He had asked why, if their intentions were peaceful, the Soviet Government insisted on military superiority. They could not seriously believe that Europe threatened them. The Russians, in response, had professed to be deeply concerned about a Western plan to link the United States, Europe, China and Japan. Mr. Kosygin had said that the Soviet Union was being "encircled". Mr. Karamanlis had argued that Europe was unlikely to seek to help China to become a strong military power since this would eventually create the possibility that China and Russia might combine. Mr. Kosygin had said that this was impossible: China and Russia had both ideological and territorial differences.

Mr. Karamanlis said that the Russians feared China and the Chinese hated the Russians. The Russians were clearly worried about the long-term future, since they knew that the Chinese were very dynamic and strong people. Moreover, the Russians were concerned that if a conflict were to develop in Europe, Japan and China might intervene: China had the population and the room in which to fight, Japan had the technological development. In reply to a remark by the Foreign and Commonwealth Secretary, Mr. Karamanlis said that whether or not the Soviet Union fears that they would be attacked by China were justified, the fears were very real. He himself would be pre-occupied if he were in Mr. Kosygin's place. Mr. Karamanlis noted that the Chinese Foreign Minister had repeated to him only two months previously the standard Chinese claim that war was inevitable and that it would be started by

/the Russians.

the Russians. Everyone else regarded war as unthinkable but the Chinese talked about it every day. Mr. Karamanlis recalled the argument that Chairman Mao had used with Stalin in trying to persuade him that China and the Soviet Union should make war together. Mao was said to have claimed that 300 million Chinese would die in a nuclear war, but that 500 million would be left to conquer the world. The Lord President said that if the Russians genuinely believed they were being encircled, a very dangerous situation would be created since they might be tempted to launch a pre-emptive war. Mr. Karamanlis said that he agreed. It was essential that each side should have a clear view of the other's intentions. Fear was the worst counsellor.

The Soviet Leadership

Mr. Karamanlis said that Mr. Brezhnev was really not functioning. He had referred to his advisers before replying to questions, and again afterwards to make sure that his reply had been the right one. When Mr. Karamanlis had commented on the numerous medals pinned to his coat, Mr. Brezhnev had led him proudly to a table where many more medals were laid out. In answer to the Prime Minister's question about the probable successor to Mr. Brezhnev, Mr. Karamanlis said that the names of Kirilenko and Chernienko had been mentioned, but that the personality which had impressed him most was that of Mr. Kosygin. The Prime Minister recalled that her talk with Mr. Kosygin at Moscow Airport in June had included some frank speaking. Mr. Karamanlis said that this had been true, too, of his own talk with Kosygin in Moscow. He believed that the Russians respected a visitor from the West much more if he made it clear where he stood. Mr. Kosygin had a clear mind, was a fanatical Communist and a tough negotiator, and knew how to get out of difficulties. His prestige was unmistakable: the room had contained four deputy Prime Ministers and seven Ministers, all of whom - including Gromyko - had behaved like pupils in the presence of the headmaster. In answer to the Foreign and Commonwealth Secretary's question whether Mr. Kosygin might not

succeed Mr. Brezhnev, Mr. Karamanlis said that he was 76 years old and his strength in the Party was hard to judge.

The Balkans

Mr. Karamanlis said that he had been seeking to develop cooperation among the Balkan countries and to increase detente in the area. The Soviet Union had opposed his efforts on the grounds that if the initiative succeeded, the Balkan states might become more independent. He had asked Mr. Kosygin why the Soviet Union (which worked through Bulgaria) was being difficult. Mr. Kosygin had said that the Soviet Union feared that the cooperation advocated by Mr. Karamanlis might result in the creation of a political bloc in the area. Mr. Karamanlis had argued that this was inconceivable given the widely differing political regimes in the various countries. In any case he had argued that the cooperation was limited to technical matters. They could only help the political climate. When Mr. Kosygin had said that in the light of the Greek Prime Minister's explanation he had "no opinion", Mr. Karamanlis had riposted that he should have "no objection".

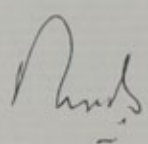
Mr. Karamanlis said he had asked Mr. Kosygin about the situation in Yugoslavia after Tito. Mr. Kosygin had replied that "we wish President Tito to live for another 100 years". Mr. Brezhnev had been more dismissive. In reply to a question from the Foreign and Commonwealth Secretary, Mr. Karamanlis said that President Tito had told him his policies would continue in Yugoslavia after his departure. President Tito had introduced the Yugoslav army into the Party in order to help secure continuity. The army was, of course, very strong throughout Yugoslavia. Mr. Karamanlis said that he would not be at all surprised if President Tito's successor turned out to be the present Yugoslav Defence Minister, General Nikola Ljubicic.

/Human Rights

Human Rights

Mr. Karamanlis said that the West needed to exercise great skill in its efforts to exploit the human rights issue. The West's concentration on this issue was regarded by governments in Eastern Europe as an effort to subvert their system. The Foreign and Commonwealth Secretary remarked that the governments in question had signed the Helsinki Agreement. Mr. Karamanlis replied that the Helsinki Agreement had been a mistake: the Soviet Union had got the guarantee they sought on their frontiers but the West had got little but air in return. The Foreign and Commonwealth Secretary said that none the less there were undertakings in the so-called Basket 3 of the Agreement that were being ignored by Communist governments. Mr. Karamanlis said that relations between East and West were very important for the future of mankind: Western governments should be careful not to focus on what were essential secondary issues.

The discussion ended at 1430.

A handwritten signature in dark ink, appearing to be 'Randy', is located in the lower right quadrant of the page.

24 October 1979



SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ
01 211 6400

h.s. Print - 26/10

Michael Alexander Esq
Private Secretary
10 Downing Street
LONDON SW1

23 October 1979

Dear Michael,

VISIT OF GREEK PRIME MINISTER: 24 OCTOBER

I attach an addendum to Brief No 2 in the Prime Minister's briefs for the visit of the Greek Prime Minister on 24 October. This addendum for defensive use covers the possibility that Mr Karamanlis may ask Britain to supply North Sea oil to Greece in return for the coal-fired power station contract being awarded to British firms

Yours ever,

Denis Walker

DENIS WALKER
PRIVATE SECRETARY

CONFIDENTIAL
LONDON

NK



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Greece
DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

PS/ Secretary of State for Industry

23 October 1979

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Tim,

The Prime Minister will be meeting Mr Karamanlis on 24 October. My Secretary of State has asked me to report that, following confidential discussions in Athens between officials from this Department and Trade and Greek Ministers and senior officials in their Ministry of Coordination, the prospect of a very attractive mutual cooperation package has been identified.

Essentially, under the umbrella of a Memorandum of Understanding on economic cooperation, we would stand to gain orders for more than £250 million worth of power station contracts and further valuable contracts for railway projects, and offtake agreements for some useful raw materials which our industry needs: from the Greek viewpoint, the understanding would be primarily presented as a contribution towards securing their access to energy sources by employing UK expertise in international coal trading - in itself very profitable for us, and through some limited access to North Sea oil, which we should have to concede anyway when Greece joins the Community. To keep out the competition and to achieve the earliest results, it is essential for the Greeks to have a formal understanding at Government level. This is potentially a very beneficial package, representing a breakthrough to the Greek capital goods market, and will establish friendly political relationships with a new Community member.

The senior Greek Economic Minister, Mr Mitsotakis, is due in London on an official visit in mid-November, and the Greek Government hopes to sign such a memorandum during his stay. The Foreign Secretary has already written to Mr Mitsotakis expressing our keen interest in developing closer industrial ties, and, whilst there are inevitably some points of negotiation still to be pursued, my Secretary of State hopes that the Prime Minister will feel able to convey the Government's support

/to this....



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to this approach when she meets Mr Karamanlis. The brief will cover the current position.

I am copying this to George Walden at the Foreign Office, Stuart Hampson at the Department of Trade and Bill Burroughs at the Department of Energy.

*Yours sincerely,
Pete*

PETER STREDDER
Private Secretary



23 OCT 1979



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Foreign and Commonwealth Office

London S.W.1

22 October 1979

kg. Paul 26/x

Dear Michael,

Visit of the Greek Prime Minister:
Briefing

You will have seen Athens telegrams Nos 324 and 325 of 18 October. The latter is a useful background piece and you may wish to attach it to the briefs (copies enclosed for ease of reference).

Of the issues mentioned by Molyviatis as likely to be raised by Mr Karamanlis (paragraph 3 of Athens telegram No. 324) I assume the Prime Minister will not require briefs on East/West relations, the Middle East, Rhodesia or the international economic climate. I enclose a note, however, on the situation in Turkey.

Could I also ask you to add the following phrase to paragraph 2 of Brief No. 3 on Greece and NATO?

'Hope General Davos can meet General Rogers soon'.

The background is that the Greek Chief of Defence Staff, General Davos, has just cancelled a meeting arranged with the new SACEUR, General Rogers, without explanation and without suggesting a fresh date; the latter was to have made further efforts to secure progress over Greek reintegration to NATO and has expressly asked the UK Permanent Representative at NATO whether British Ministers would be prepared to raise the matter. The issue seems important enough to warrant it.

Yours etc

Paul Lever

M O'D B Alexander Esq
10 Downing Street

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MR. ALEXANDER

(Copies sent to Ministers
& officials attending)

GUEST LIST FOR THE PRIME MINISTER'S LUNCH FOR THE
GREEK PRIME MINISTER ON 24 OCTOBER 1979 IN THE SMALL
DINING ROOM AT 10 DOWNING STREET AT 1.00 FOR 1.15 P.M.

The Prime Minister

Mr. Thatcher

His Excellency Mr.
Constantine Karamanlis

Prime Minister of Greece

His Excellency Mr. E.
Lagacos

Greek Ambassador

His Excellency Mr. P.
Molyviatis

Head of the Greek Prime
Minister's Office

The Rt. Hon. Lord Carrington
KCMG MP

Secretary of State for
Foreign & Commonwealth
Affairs

The Rt. Hon. The Lord Soames
GCMG

Lord President of the
Council

The Rt. Hon. John Nott, MP

Secretary of State for Trade

Sir Michael Palliser, GCMG

Permanent Under-Secretary, FCO

Mr. J. L. Bullard, CMG

Deputy Under-Secretary, FCO

Mr. D. M. Elliott

Under Secretary, European
Secretariat, Cabinet Office

Mr. Michael Alexander

Private Secretary

SEATING PLAN FOR THE PRIME MINISTER'S LUNCH FOR THE
GREEK PRIME MINISTER ON 24 OCTOBER 1979 IN THE SMALL
DINING ROOM AT 10 DOWNING STREET AT 1.00 FOR 1.15 P.M.

Mr. D. M. Elliott

Sir Michael Palliser

Mr. J. L. Bullard

HE The Greek Ambassador

HE Mr. P. Molyviatis

THE PRIME MINISTER

The Rt. Hon. The Lord
Carrington

HE Mr. Constantine Karamanlis

Mr. Denis Thatcher

The Rt. Hon. The Lord Soames

The Rt. Hon. John Nott

Mr. Michael Alexander



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Foreign and Commonwealth Office

London S.W.1

22 October 1979

Hw brief

Paul

Dear Michael,

Call by the Greek Prime Minister: 24 October

The Greek Ambassador has now twice told the Secretary of State that one of Mr Karamanlis's main concerns during his visit to London will probably be to press for early ratification of the Greek Treaty of Accession to the EEC (despite the fact that the Treaty is not due to enter into force until 1 January 1981). This point is already covered broadly in the briefing sent to you on 17 October, but in view of the Greeks' obsessive concern on the point, Lord Carrington thinks that the Prime Minister's particular attention should be drawn to it, and that she should be informed of the latest estimate for the ratification timetable.

h The Cabinet Legislation Committee approved the terms of the two clause European Communities (Greek Accession) Bill on 16 October and decided that it should be introduced in the Commons immediately after the recess. The Whips are trying to arrange for Second Reading on 1 November. This should make it possible for the UK to ratify by the end of this year or early in the New Year. No other Member State has yet ratified.

This news should be welcome to Mr Karamanlis. We are likely to be among the first, if not the first, among the Nine to ratify.

Yours OVE

Paul Lever

M O'D B Alexander Esq
10 Downing Street

22 Jul 1979

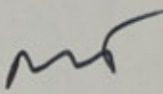
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8 7 6 5 4



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FM ATHENS 181000Z OCT
 TO IMMEDIATE FCO
 TELNO 324 OF 18 OCT 79

FOLLOWING FOR HEAD OF SED. 

MY TEL 313 AND TELCON OF 17 OCT.

KARAMANLIS' VISIT TO LONDON ON 24 OCTOBER.

KARAMANLIS HAS BEEN HEAVILY ENGAGED SINCE HIS RETURN FROM PRAGUE AND IT WAS MOLYVIATIS WHOM I SAW ON 16 OCTOBER, MY PRIMARY PURPOSE WAS TO ENSURE THAT HE WAS UP-TO-DATE ON VARIOUS BILATERAL AND COMMERCIAL ISSUES WHICH MIGHT COME UP IN LONDON ON THE 24TH. I ALSO EXPLAINED THAT I WOULD NOT MYSELF BE IN LONDON FOR THE VISIT AND THAT I WAS GOING AHEAD WITH LONG-STANDING PLANS FOR AN

OFFICIAL VISIT TO CORFU FROM 18 TO 21 OCTOBER. MILES WILL SEE MR KARAMANLIS OFF AT THE AIRPORT ON 23 OCTOBER.

2. IN PARA 4 OF MY TEL 323 I HAVE REPORTED OUR CONVERSATION ON DEFENCE SALES. I SPOKE OF THE COAL-FIRED POWER-STATION AND RAILWAY ELECTRIFICATION PROJECTS. ON THE FORMER, MOLYVIATIS SAID THAT MITSOTAKIS HAD BRIEFED THE GREEK PRIME MINISTER. ON THE LATTER, THE LATEST POSITION IS IN MY TEL CRED A 112. I ALSO COMMENDED DAVY INTERNATIONAL'S BID FOR THE ETVA FERRO-CHROME PROJECT WHICH IS DUE TO ADJUDICATED SHORTLY.

3. MOLYVIATIS CONFIRMED THAT MR KARAMANLIS WOULD WISH TO DEVOTE MOST OF HIS TIME WITH THE PRIME MINISTER TO INTERNATIONAL ISSUES. HAVING SO RECENTLY RETURNED FROM MOSCOW AND EASTERN EUROPE (MY TEL 321) EAST-WEST RELATIONS WOULD BE IN THE FOREFRON OF HIS MIND. HE WOULD WISH TO DISCUSS GREECE AND NATO ALTHOUGH THERE WAS NO EASY WAY OUT OF THE PRESENT IMPASSE, AND CONSIDER THE SITUATION IN TURKEY. HE LOOKED FOR A GENERAL EXCHANGE OF VIEWS ON COMMUNITY PROBLEMS AND THE RUN-UP TO GREEK ACCESSION. HE WOULD BE SEEING THE EGYPTIAN FOREIGN MINISTER WHO IS IN /ATHENS

CONFIDENTIAL

ATHENS THIS WEEK AND WOULD WISH TO TOUCH ON THE SITUATION IN THE MIDDLE EAST. CYPRUS WOULD NO DOUBT COME UP BUT MOLYVIATIS WAS NOT SANGUINE ABOUT THE PROSPECTS FOR ANY PROGRESS TOWARDS A SETTLEMENT. HE ANTICIPATED THAT THE PRIME MINISTER WOULD WISH TO RAISE RHODESIA/ZIMBABWE AND PERHAPS DISCUSS THE INTERNATIONAL ECONOMIC CLIMATE. I ASSUME THAT THESE SUBJECTS ARE COVERED IN THE BRIEFS FOR NO 10. IN GENERAL, MOLYVIATIS SAW THE TOUR OF WESTERN EUROPEAN CAPITALS AS AN OPPORTUNITY TO RENEW PERSONAL CONTACTS IN THE CONTEXT OF GREEK ACCESSION TO THE COMMUNITY.

4. I REFERRED TO MITSOTAKIS'S USEFUL MEETING WITH THE NOEL BAKERS ON 19 SEPTEMBER BUT DID NOT SUGGEST THAT THIS SUBJECT WOULD BE RAISED WITH KARAMANLIS. MOLYVIATIS SPOKE OF HIS HIGH REGARD FOR LORD NOEL BAKER BUT OBSERVED THAT THE NEW FOREST LAW (THE PASSAGE OF WHICH MUST, ACCORDING TO MITSOTAKIS, PRECEDE DECISIONS ON THE NOEL BAKER ESTATES) WAS HAVING A VERY ROUGH PASSAGE IN THE GREEK PARLIAMENT.

5. M.I.F.T. CONTAINS A SUMMARY ASSESSMENT OF KARAMANLIS'S CURRENT PREOCCUPATIONS.

SUTHERLAND

[COPIES SENT TO NO 10 DOWNING STREET]

F I L E S
SED
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EID(E)
EESD
ECON D
PS
PS/LPS
PS/PUS
MR BULLARD
MR FRETWELL
MR FERGUSON
CABINET OFFICE

COVERING CONFIDENTIAL

Crece



Foreign and Commonwealth Office

London SW1A 2AH

L.S. Paul

16 October 1979

Dear Michael,

VISIT OF THE GREEK PRIME MINISTER

--- I enclose, as requested, briefs for the call which Mr Karamanlis will make on the Prime Minister at noon on 24 October, to be followed by lunch.

Yours etc

Paul

(P Lever)

M O'D B Alexander Esq
10 Downing Street

COVERING CONFIDENTIAL

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BRIEF NO 1

VISIT OF THE GREEK PRIME MINISTER: 24 OCTOBER

1. OBJECTIVES

- (i) Establish good personal relations as NATO and Community partners;
- (ii) Advance the prospects for British firms to secure important defence and public works contracts;
- (iii) Discourage Greeks from abandoning current NATO initiative on Aegean;
- (iv) Offer reassurance over British even-handedness on Greek/Turkish disputes.

2. GREEK OBJECTIVES

- (i) Establish good personal relations;
- (ii) Put Greek case on Aegean, NATO and Cyprus;
- (iii) Reassure UK on Greece's western orientation;
- (iv) Tour d'horizon on Community and world issues;
- (v) Seek early UK ratification of Greek Treaty of Accession.

3. BACKGROUND AND TACTICS

Mr Karamanlis asked to come to London; ostensibly he is visiting European capitals to lobby for early ratification of Greek entry to the EEC; there is no reason why he should not be allowed to take the lead in the talks. His visit follows official visits to Moscow, Budapest and Prague and, immediately before London, calls on Chancellor Schmidt and President Giscard. He goes on to Italy on 25 October. He was last in London in January 1978, mainly lobbying over EEC membership, but also discussed Cyprus, the Aegean, NATO and UK/Greek trade.

4. Mr Karamanlis is very conscious of his status as the greatest living Greek statesman, who reestablished democracy after the Colonels' regime and swung Greece decisively towards to West.

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He likes to deal in general concepts. He is rather deaf; he understands English but uses an interpreter (the head of his Secretariat, Ambassador Molyviatis).

5. The Prime Minister might wish to express regret that she was unable to visit Athens in May for the signing of the EEC Treaty of Accession (President Giscard attended).

CONTRACTS (BRIEF NO 2)

6. The only current bilateral bone of contention is that Britain does not get a reasonable share of major contracts. Unwillingness to deal with the Colonels, especially over arms supplies, which allowed competitors to establish a grip on the market, and political pressures from the competitors are largely responsible. Two major contracts are now near favourable decision. A coal-fired power station (worth £300 million and possibly more later), on which a team of officials has just returned from Athens; and a project to sell Vickers tanks (worth £100 million). Other major projects in which British firms are interested include frigates, Rapier air defence system, and railway electrification. High level lobbying for contracts is accepted as normal by the Greeks, and frequently practised eg by France and Germany.

GREECE AND NATO (BRIEF NO 3)

7. Greece withdrew from the military structure of NATO in 1974, following Turkey's invasion of Cyprus. She applied in 1978 for re-integration, on terms which all the Allies except Turkey agreed. Attempts to find a compromise over command and control in the Aegean are almost deadlocked. The Greeks blame the Allies, and especially the United States, for not exerting sufficient pressure on Turkey. A SACEUR initiative limps on but the Greeks will not concede any price to Turkey for re-integration and threaten to force the issue, possibly jeopardising their very NATO membership.

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RATIFICATION OF GREEK TREATY OF ACCESSION

8. Ratification by Member States is necessary before Greece formally joins the Community on 1 January 1981. Mr Karamanlis wrote to the Prime Minister in June about the importance of early ratification. She replied that procedures would inevitably take time but that the UK was going ahead with high priority. The Enlargement Bill will be tabled in Parliament immediately after the recess. First Reading will be in November followed by Second and Third Readings in December or early New Year (depending on pressure of parliamentary business - likely to be heavy in view of Government's legislative programme).

GREEK/TURKISH DISPUTES

9. The major problems concern the Aegean - continental shelf (which may contain oil), flight information region and militarisation of the Greek islands. Since 1978, when Mr Ecevit came to power in Turkey, dispute defused and sporadic Greek/Turkish negotiations; but little progress. Turkey demands a 'fair share' of the Aegean; Greece claims virtually everything and could not allow Greek islands, some of which are 3 miles from Turkey, to be 'enclaved' in a Turkish sea. Their allies do not wish to get involved. Some hints of Greek concern that the new British government might be more pro-Turkish than its predecessor; in fact, relations with Greece are rather closer and easier than with Turkey.

CYPRUS

10. Turkish Cypriots (18% of population), discriminated against 1963-74, occupy 40% of the island since 1974 invasion, since when de facto partition. The Greek Cypriots have made a remarkable economic recovery.

11. Various attempts have been made to promote a negotiated intercommunal settlement. In 1978 the US, UK and Canada tabled compromise proposals for resumed negotiation. In May 1979 the UN eventually got President Kyprianou and Mr Denktash to meet

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and agree to resume intercommunal talks. They were interrupted after only four meetings, the Turkish Cypriots insisting on first clarifying the concepts of 'bizonality' and 'security'. The Turkish side has recently offered to resume the talks on the basis of a formula put forward by the UN, but evidently wishes to stall at least until the political situation in Turkey clarifies following the 14 October partial elections and Mr Ecevit's resignation. The Greek Cypriot side wants a different formula and is in any case intent on winning another propaganda victory at the UN General Assembly, where it gets non-aligned support. It remains unwilling to accept the unpleasant fact that virtually total autonomy would have to be conceded to the Turkish Cypriots as the price for a settlement under which the Turks would cede some territory. The prospect of any real progress in the near future is minimal. The British attitude is studiously even-handed: UN efforts are supported. The omission of a Cyprus item under 'Objectives' in 1 above is deliberate; the Greeks have distanced themselves during the past year from the detailed negotiations. The Greek Government would like a Cyprus settlement but its influence on the Greek Cypriots is limited. On the other hand, it cannot afford to be accused of treason. It tends therefore to be ambivalent. But this has not prevented the Greeks from giving the Cyprus Government support in seeking victories at the UN and yielding to the temptation to use any stick with which to beat the Turks. Time is not on the side of the Greek Cypriot/Greek side; the international community is bored with Cyprus and the existing partition is becoming accepted.

GREEK RELATIONS WITH SOVIET BLOC

12. Mr Karamanlis has recently visited Moscow, Budapest and Prague. He is the first Greek Prime Minister to visit Moscow. The visits bring Greek relations with Eastern Europe in line with those long enjoyed by the rest of Western Europe

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(and recently Turkey); the declarations etc signed were on standard lines. But it is of some concern that the trip coincided with a marked deterioration in the tone of Greek relations with the United States (paragraph 7 above).

AGREEMENT FOR REPAIR OF SOVIET NAVAL VESSELS IN GREEK DOCKYARD

13. In September it was announced that an agreement running to 1981 had been concluded between the Syros island dockyard and the Russians permitting the re-fitting of Russian ships including naval auxiliaries - the first such formal agreement by a NATO country. And the first ship to arrive, the Koida, is a naval auxiliary. Concern has been expressed informally to the Greeks in NATO about naval vessels being offered facilities; the Greeks are hypersensitive and have declined to give details, claiming that the agreement is a purely commercial matter.

16 October 1979
Southern European Department
Foreign and Commonwealth Office

CONFIDENTIAL

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BRIEF NO 2

VISIT OF THE GREEK PRIME MINISTER: 24 OCTOBER

PUBLIC WORKS AND DEFENCE CONTRACTS

POINTS TO MAKE

1. Concerned that UK still does not get the share it should of major contracts, notably in public sector. Reluctance to do business with the Colonels, especially over arms sales, let competitors in.
2. On the civil side hope coal-fired power station project can be processed quickly.
3. Hope we also can help with railway electrification project; welcome recent consultations.
4. Pleased with Avramides' visit. Three first-class defence projects where British weaponry can meet Greek requirements; understand at least two may be decided soon:

- (a) Tanks
- (b) Frigates
- (c) Air-defence missiles.

BACKGROUND

5. Under the Colonels, public sector contracts were steered firmly towards regimes considered friendly and particularly those willing to supply major arms systems; British firms suffered. There has been no compensating move by the Colonels' successors and British firms have had difficulty in regaining traditional markets. Greek Ministers recognise this. Despite intense lobbying from elsewhere, notably France, they seem prepared to steer more business Britain's way. High level political approaches on such matters are standard form in Greece.

COAL-FIRED POWER STATION

6. Officials visited Athens in early October to discuss a project for coal-fired power stations possibly worth as much as £300 million. A government to government memorandum of understanding in general terms on joint industrial collaboration could be ready for signature when Greek Minister of Coordination, Mr Mitsotakis, visits London in November; though power station contract unlikely till somewhat later.

RAILWAY ELECTRIFICATION

7. Greeks plan to electrify Athens/Thessalonika and Athens/Corinth rail links. Value of total project might be worth as much as \$1 billion. Several British firms, notably General Electric, are interested.

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DEFENCE CONTRACTS: GENERAL

8. There has been no major sale in recent years despite Greek interest in a number of arms systems. Mr Avramides, Deputy Defence Minister, visited Britain in September to see equipment. He said Greek priorities were, in order, Low-level Air Defence, Frigates and Tanks. Since then, however, tanks may have become the top priority. The French are the main competitors in all fields.

VICKERS TANKS

9. Greeks need minimum 200 Main Battle Tanks (£100 million), possibly up to 1,000; have hesitated for 3 years between Vickers MBT and French; no French alternative available at present but one will be before long. [Not for use. The Greek Army favour Vickers, and Mr Avramides has himself privately suggested that the Prime Minister's lobbying might tip the scales.] Vickers chairman in Athens 8 October. Chobham armour is unique, and substantial local manufacture and assembly has been offered in the package.

FRIGATES

10. Greeks need up to 6 frigates. British Shipbuilders (Yarrows) competing with new 'Type 24' design (£100 million each) against French, Dutch and Italians. BS Chairman in Athens 16 October. 'T 24' is very modern design, offering unique flexibility and wide range of weapon fits.

RAPIER AIR-DEFENCE SYSTEM

11. Bases of all 3 Greek services need low-level air-strike protection. British Aerospace Rapier missile (£75-95 million for 15 units) is well-proven: only one currently in service in West. Britain will continue to use it until beyond year 2000. Franco-German and US missiles are main competitors

Can they pay?

16 October 1979
Southern European Department
Foreign and Commonwealth Office



VISIT OF THE GREEK PRIME MINISTER: 24 OCTOBER
PUBLIC WORKS AND DEFENCE CONTRACTS

NORTH SEA OIL IN RETURN FOR POWER STATION CONTRACT

POINTS TO MAKE (DEFENSIVE USE ONLY)

If Mr Karamanlis asks for North Sea oil in return for a coal-fired power station contract, no commitment can be given

1. Concerned about our supplies for rest of 1979 and 1980: already somewhat overcommitted on exports.
2. We are therefore unable to help this year or next but we would be very ready, without commitment at this stage, to examine with you, what the UK might be able to do to help meet Greece's need for oil thereafter.

BACKGROUND

3. During negotiations on the coal-fired power station contract, the Greeks have suggested that Britain should export to Greece up to 1 million tonnes of North Sea oil per annum over 2-3 years starting in 1980. HM Ambassador advises this is not necessarily crucial for the deal but a gesture would be very beneficial. Currently 71% of Greek energy demand is met by oil, all imported. This year Greece has concluded government-to-government agreements for oil supplies from Libya, Iraq, Saudi Arabia and the USSR. ODE has agreed our oil might be used in this way in return for specific and tangible benefits. It might be more profitable for us to supply products rather than crude oil. BP and Shell both have marketing and chemical interests in Greece. We should therefore avoid any suggestion that if we could help it would be with North Sea oil. It might be with crude or products originating elsewhere.

Department of Energy
23 October, 1979

CONFIDENTIAL

BRIEF NO 3

VISIT OF THE GREEK PRIME MINISTER: 24 OCTOBER

GREECE AND NATO

POINTS TO MAKE

1. Greek reintegration into NATO military structure is important both for the Alliance and for Greece. Hope real effort will be made to overcome outstanding problems over SACEUR's latest proposals.
2. Military level talks are the best way forward. The Turkish domestic situation must restrict prospects for any movement at the political level. *Hope General Davas can meet General Rogers soon. * (su over)*
3. [Defensive] Political confrontation with Turks would achieve nothing. US and other Allies cannot force Turks to give way. Dangerous to try to force the pace.

BACKGROUND

4. Since 1978 Greece has been trying to return to NATO's integrated military structure, which Mr Karamanlis left in 1974 following the Turkish invasion of Cyprus. At that time, the move was seen as the alternative to a military move against Turkey. Talks between SACEUR and Greek military authorities early in 1978 resulted in proposals for Greece's return acceptable to all NATO countries except Turkey, which insisted that a long-standing Graeco/Turkish dispute over air and naval command boundaries in the Aegean be solved first. Greeks have argued for return to pre-1974 boundaries (between the eastern-most Greek islands and the Turkish mainland, placing virtually the whole Aegean under Greek command) pending agreement on alternative arrangements. The Turks claim that the pre-1974 boundaries made military nonsense; they were never accepted by Turkey; new boundaries must be negotiated before Greek return. Behind these differences lies the more important bilateral dispute over division of Aegean continental shelf, and threat that Greek islands might become 'enclaves' in Turkish waters.

/5.

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5. SACEUR was mandated by the Secretary-General of NATO to look for compromise arrangements. After exchanges with both sides which he may have handled rather clumsily, General Haig produced proposals under which operational control over much of Aegean sea and air space would be exercised by NATO commanders, neither Greek nor Turkish. These were acceptable to the Turks but not to the Greeks, who saw them as jeopardising Greek sovereignty over Greece's own islands; they do not in any case see why they should pay any price for reintegration (while the Turks do not see why they should get back for nothing). General Rogers having taken on General Haig's mandate, a SHAPE team recently visited Athens to try to clarify outstanding technical points, and will visit Turkey soon. Reports of the Athens visit were not encouraging; but the Greeks have not yet actually rejected SACEUR's proposals.

6. Meanwhile Greek patience has been fraying, and the Opposition exploiting the deadlock to attack NATO and US base facilities in Greece. Disagreements over command arrangements for a NATO exercise led in August to Greek withdrawal from the entire autumn exercise series.

7. Fault does not lie entirely on the Greek side, but the Greeks have over-reacted, if only for the domestic audience. It has been implied that if Turkey can use blackmail, so can Greece, and that Greece's very membership of NATO might be put in jeopardy despite Mr Karamanlis's commitment to the West. If Mr Karamanlis cannot settle the issue, it is however, unlikely that any successor could.

16 October 1979
Southern European Department
Foreign and Commonwealth Office

* General Rogers (SACEUR, see above)
was to have met General Davos (Greek C.D.S.)
this month. General Davos has cancelled
the meeting giving no reason + offering no
new date. General Rogers is anxious to know
why: the matter is clearly one of some
importance.

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VISIT OF THE GREEK PRIME MINISTER: 24 OCTOBER

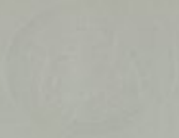
SITUATION IN TURKEY

1. At partial elections on 14 October, Mr Ecevit lost all five lower house seats at stake, the swing against his socialist party in these and the senate elections (one-third of the elected seats) being 13%. His government, already in a minority, resigned. Mr Demirel's right wing Justice Party did well, but cannot command a majority without a coalition with the extreme right (Mr Turkesh's National Action Party) and the Islamic fundamentalists (Mr Erbakan's National Salvation Party); Mr Demirel's aim is reportedly to secure early general election (eg May 1980, after the spring thaw) an interim government holding office meanwhile.
2. Holding office since January 1978, Mr Ecevit failed to solve Turkey's two main problems (which he inherited from Mr Demirel):
 - (a) growing political violence, mainly between right and left but with Sunni/Shia overtones, despite martial law in one-third of the country; killings run at over 20 per week;
 - (b) acute economic malaise (inflation 70%, unemployment 20%, high external debt and balance of payments crisis) despite \$1 billion in OECD aid this year (\$30 million from UK).
3. The forecast of how events will develop is very difficult. A tentative one is:
 - (a) a caretaker non-party government will be formed, after lengthy manoeuvring;
 - (b) general elections next spring;
 - (c) extension and toughening of martial law;
 - (d) no overt intervention by the armed forces but a possibility of their playing a more prominent role through martial law administration and possibly by pressing for constitutional reform to give the President greater powers to assure strong government;

/(e)

- (e) the strong, stable government Turkey badly needs is unlikely in the near future;
- (f) in consequence Turkey will continue to be a difficult partner over economic policy, the Aegean, Cyprus etc
- (g) but Turkey's basic Western orientation is unlikely to be seriously at risk for the time being
- (h) Turkey will continue to need Western understanding.

SOUTHERN EUROPEAN DEPARTMENT
FOREIGN AND COMMONWEALTH OFFICE
19 October 1979



22 OCT 1979

CONFIDENTIAL

KARAMANLIS Constantine, Greek Prime Minister

Born Northern Greece, 1907. Studied law at Athens. 1946-55 was variously Minister of Labour, Transport, Public Welfare, National Defence and Public Works. His first period as Prime Minister, 1955-63, was an exceptionally stable and successful time for Greece. Resigned in 1963 (when King Paul rejected his advice that the State Visit to Britain should not take place) and went into self-imposed exile in Paris, where he remained until his triumphant return to Greece in July 1974.

Since then has easily dominated political life although more tolerant than previously to the Left, thus alienating some Right-wing elements in the Armed Forces. Has also made enemies of a number of tycoons, by measures against their interests, while a much wider section of the business world resents his social and fiscal policies which they see as an apostasy on the part of a formerly conservative political figure. In foreign policy he has shown considerable skill and moderation in pursuit of his prime objectives of tying Greece firmly to the West and avoiding war with Turkey. His touch in home and particularly economic affairs has been less sure. Widely recognised as the outstanding Greek statesman since Venizelos.

Aloof, hard-working, authoritative (some say authoritarian), interested only in work. Divorced 1971; occasional golfer; rather deaf.

CONFIDENTIAL

GREECE: VITAL STATISTICS (1978)

1.	Population	9.4m		
	Growth rate	0.7%		
2.	GNP per head	\$3,440		
3.	GDP real growth rate	4.5%		
	Average 1972-1977	3.8%	(UK 1.8%)	
4.	Employment: Total	3.5m		
	Agriculture	34%		
	Industry	29%		
	Services	37%		
	Recorded unemployment 2½%			
	(ignore considerable underemployment)			
5.	Public Sector. Current expenditure	29% of GNP		
	Current revenue	29% of GNP		
	Budget deficit	70 billion drachmas (approx \$2 billion)		
6.	Trade (1978): Exports	20.2 of GNP		
	Imports	24.7 of GNP		
	Current account deficit	\$1,253 m		
	Main export markets (%)		Main sources of imports (%)	
	FRG	18.9	US	17.6
	US	12.8	FRG	16.8
	UK	7.0	Italy	8.2
	France	6.2	France	7.2
	Italy	4.3	UK	6.1 (£214m)
7.	Inflation rate	12½%		
8.	Composition of Parliament (seats)			
	New Democracy	172		
	Socialists (PASOK)	93		
	Communists	11		
	Other	24		
		<hr/>		
		300		
9.	Last election - November 1977			
	Next election by November 1981			

cc Sue Goodin

Greece

DS

file



10 DOWNING STREET

From the Private Secretary

3 October 1979

Visit by the Greek Prime Minister

The Prime Minister has seen your letter to me of 2 October about the call which Mr. Karamanlis will be making on her on 24 October. She agrees that it would be appropriate for one official to be present from each side in addition to Private Secretaries.

The Prime Minister has also agreed the guest list enclosed with your letter and we will be taking appropriate action.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

TOR



Foreign and Commonwealth Office

London S.W.1

Prime Minister

2 October 1979

Apoc x + y (in Nolt rather than in Pym)

Need no.

Prints - 2/x

Dear Michael,

Visit by the Greek Prime Minister

Thank you for your letter of 18 September asking what points were likely to be raised when Mr Karamanlis calls on the Prime Minister on 24 October.

Mr Karamanlis' office has indicated that he will wish to discuss current world and particularly European issues; he is also expected to raise Greece's problems with NATO and relations with the Soviet Union, following the visit which he is to make to Moscow and Eastern European capitals. He will doubtless mention Greek hopes for early ratification by Britain of the Greek Treaty of Accession to the EEC. Some discussion of the problems of the Eastern Mediterranean will be unavoidable. From our own side, the only significant additional point which we are likely to recommend that the Prime Minister should raise is the British hope for a better share of major public works and defence contracts. You may think that for an agenda of this sort it would be convenient to have one official present from each side in addition to Private Secretaries.

X

Mr Karamanlis will have visited both Germany and France shortly before his visit to London. He will have seen both Chancellor Schmidt and President Giscard.

1/4

I enclose a draft guest list for the working lunch which the Prime Minister is to give for Mr Karamanlis.

Yours ever

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

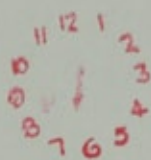


VISIT OF GREEK PRIME MINISTER: WORKING LUNCH WITH PRIME MINISTER
24 OCTOBER

PROPOSED GUEST LIST

The Rt Hon Mrs Margaret Thatcher MP	Prime Minister
Mr Denis Thatcher	
HE Mr Constantine Karamanlis	Prime Minister of Greece
HE Mr E Lagacos	Greek Ambassador
HE Mr P Molyviatis	Head of the Greek Prime Minister's Office
The Rt Hon The Lord Carrington KCMG MC	Secretary of State for Foreign & Commonwealth Affairs
The Rt Hon The Lord Soames GCMG	Lord President of the Council
✓ The Rt Hon John Nott MP	Secretary of State for Trade
(or The Rt Hon Francis Pym MC MP	Secretary of State for Defence)
Sir Michael Palliser GCMG	Permanent Under-Secretary, FCO
Mr J L Bullard CMG	Deputy Under-Secretary, FCO
Mr D M Elliott	Under-Secretary, European Secretariat, Cabinet Office
Private Secretary	

2 OCT 1979





Greece The Top
BF 26/9/79

10 DOWNING STREET

From the Private Secretary

18 September 1979

Visit by the Greek Prime Minister

24/10/79
Thank you for your letter of 17 September confirming that Mr. Karamanlis will be coming to lunch. The Prime Minister has decided that she would like Mr. Thatcher to attend the lunch. There will therefore be room for only ten other participants.

The Prime Minister would probably prefer to have a meeting with Mr. Karamanlis tête-à-tête. Before finally deciding it would be helpful, however, to know whether Mr. Karamanlis will be raising any detailed points or whether the discussion is likely to be a tour d'horizon.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London SW1A 2AH

17 September 1979

Dear Michael,

Visit to London by the Greek Prime Minister

Thank you for your letter of 10 ~~September~~ letting us know that the Prime Minister had agreed to offer Mr Karamanlis a working lunch on 24 October, to be preceded by a talk beginning at noon.

The Prime Minister's invitation was transmitted via the Greek Ambassador, who has now informed us that Mr Karamanlis is most grateful for the Prime Minister's generous offer, which he accepts with pleasure. Mr Karamanlis will be accompanied by Mr Molyviatis, the head of his private office, who will act as interpreter. Should the Prime Minister wish to have a tete-a-tete session, Mr Karamanlis could expect to be accompanied only by Mr Molyviatis; should it be the Prime Minister's intention later to expand the circle, the Greek Ambassador would join the Greek team.

I will let you have the guest list and briefs by 5 and 17 October respectively.

Yours etc

Paul

Paul Lever
Private Secretary

M O'D B Alexander Esq
10 Downing Street

11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

18 SEP 1979

1. BF 5.10.79

2. BF 17.10.79

Greece

File



10 DOWNING STREET

From the Private Secretary

10 September 1979

Visit to London by the Greek Prime Minister

You wrote to me on 5 September about the Foreign and Commonwealth Secretary's recommendation that the Prime Minister should receive Mr. Karamanlis during his private visit to London next month.

The Prime Minister has agreed to offer Mr. Karamanlis a working lunch (not more than twelve guests) on Wednesday 24 October. This might be preceded by a talk beginning at noon.

I should be grateful if you could let me have a guest list for the lunch by close of play on Friday 5 October. It would be helpful if the briefs could reach here by close of play on Wednesday 17 October.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

DB

10 DOWNING STREET

Mr Alexander.

What time
would you like the
talk to begin for the
Greek Prime Minister
prior to the lunch on
Wednesday 24th October?

ef.

lunch for 12.

10 September.



10 DOWNING STREET

MR. ALEXANDER

Visit to London by the
Greek Prime Minister

As we discussed this morning,
the two alternatives are dinner
on Tuesday 23 October, 8.00 for
8.15 here at No. 10 with talks
on Wednesday 24 October beginning
at 10.00 or asking the Prime
Minister whether she is willing
to cancel the lunch for
industrialists on Wednesday 24
October.

E.S.

*Have they
yet been
asked?*

*1/ not -
cancel.*

6 September 1979

010
CONFIDENTIAL

(1)



Foreign and Commonwealth Office

London SW1A 2AH

5 September 1979

Prime Minister

Apex Ophion A in Mrs Stephens' minute.

Paul: 6/9

Dear Michael,

Visit to London by the Greek Prime Minister

The Greek Ambassador has told the Department that he had been instructed to mention very confidentially to us that Mr Karamanlis was intending to pay a private visit to London in October. He would be arriving late on the afternoon of Monday 22 October and, at present, planned to spend the whole of the next day, Tuesday 23 October, here. Mr Roussos said that Mr Karamanlis would very much like to see Mrs Thatcher for a talk at any time during this period and, indeed, could extend his visit into Wednesday 24 October to suit Mrs Thatcher's convenience. Roussos said that he had been instructed to ask for an early answer.

The Foreign and Commonwealth Secretary recommends that the Prime Minister should if at all possible receive Mr Karamanlis and hopes that she might be prepared to give him lunch. Mr Karamanlis has been the architect of Greece's return to democracy and her continued Western alignment, and of her accession to the European Community, the signature of the treaty for which took place in May this year. He is also a considerable person in his own right, and the timing of his private visit to London comes between visits to the Soviet Union and Eastern Europe (1-10 October) and to China and Poland later in the year, so that he may have some interesting comments on international questions. Eastern Mediterranean issues, including Cyprus, would be an inevitable topic; as would the problem of Greece's reintegration into the military structure of NATO. But it is the impact which a meeting would have on our bilateral relationship which leads Lord Carrington to endorse Mr Karamanlis's request for a call. He himself had a useful talk with Mr Karamanlis when he was in Athens for the Accession Treaty signature ceremony.

I am sending a copy of this letter to Martin Vile in the Cabinet Office.

Yours etc

Paul

(P Lever)
Private Secretary

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