



10 DOWNING STREET

*From the Private Secretary*

31 August 1982

Thank you for your letter of 26 August enclosing a draft reply for the Prime Minister to send to President Kyprianou of Cyprus. The Prime Minister takes the view that a more detailed response is needed to President Kyprianou's letter; she has commented that "we have great interest in the sovereign bases in Cyprus and we must take that interest into account in our dealings with President Kyprianou".

I should be grateful therefore if you could arrange for the submission of a draft reply which deals in more detail with the points raised in President Kyprianou's original letter.

Timothy Flesher

John Holmes, Esq.,  
Foreign and Commonwealth Office.

BT



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Foreign and Commonwealth Office

London SW1A 2AH

26 August, 1982

Dear Tim,

*I thank it needs drafted  
a much more carefully  
letter than the one enclosed.  
We have great interests in  
the Sovereign bases in Cyprus  
+ must take them into account  
not.*

Mr. Murrer:  
If you agree  
a draft reply to  
President Kyprianou is  
attached to your correspondence

Thank you for your letter of 4 August enclosing a letter to the Prime Minister from President Kyprianou of Cyprus. The letter is a round robin, which has been circulated widely to Heads of State or Government. I enclose a draft reply for the Prime Minister's signature. JR  
26/8

Under an 'Equivalent Property Law' passed by the Turkish Cypriot authorities in 1977, Greek Cypriot land in the 'Turkish Federated State of Cyprus' is allocated to Turkish Cypriot refugees by the 'Government' in proportion to land abandoned by the refugees in the South. The refugees obtain no title to the property but only a certificate of use. Until recently, they could not sell or mortgage the property and were thus unwilling to invest or develop it. There were also problems caused by the haphazard implementation of the 'law', which left many claims unsettled and involved many changes of allocations. On 27 July 1982 the 'law' was amended, following a promise given by Mr Denktash during the 1981 election campaign, to give occupants of Greek Cypriot property a 'permanent certificate of use'. This does not convey a legal title but is designed to offer sufficient security of tenure for banks to give mortgages and for occupiers to develop their land.

In recent months the Turkish Cypriot authorities have also announced proposals for a number of economic measures, including the establishment in Cyprus of a branch of the Turkish Central Bank; the establishment of a development bank; the replacement of the Cyprus pound by the Turkish lira as the official currency in the 'TFSC'; and the signing of an economic protocol with Turkey. Our own view of these proposed measures is that they breach the 1960 Treaty of Guarantee. But we do not agree with Greek Cypriot claims that they represent a step on the road to the establishment of a separate state or that, together with the amendment to the 'Equivalent Property Law', they reflect partitionist aims on Mr Denktash's part. Nor should we raise the question of the Treaty of Guarantee since this would simply be fashioning a stick for our own backs; the Greek Cypriots would demand that, as a Guarantor power, we should try to stop the Turkish Cypriots from carrying out their proposals.

/Against

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Against this background, the arguments as to whether or not we should recommend that the Prime Minister answer President Kyprianou's letter are finely balanced. Other Western Governments are approaching the question in different ways: the French are proposing to reply more sympathetically than we would recommend: the Americans and Italians are replying on similar lines to the enclosed draft; and the West Germans are planning a laconic and late reply - if any. There is much to be said for our not replying to all. It might discourage President Kyprianou from attempts to make further propaganda out of the measures and from further internationalising the Cyprus problem. However, the UK has a special role to play in Cyprus, which suggests that we should at least acknowledge President Kyprianou's letter, especially as the Americans, French and Italians are doing so. A letter from the Prime Minister would also provide a useful opportunity to reiterate support for the intercommunal talks. President Kyprianou intends to have the Cyprus problem raised at the UN General Assembly this autumn. This will hamper the prosecution of the talks. It is unlikely that we can do anything to make him change his mind. But we ought to lose no opportunity to make the point (in this case implicitly) that we do not think that this is the best course. The draft reply accordingly avoids detailed discussion of the Turkish Cypriot measures and confines itself to a general expression of support for the intercommunal talks and of the need to avoid any action which might damage them.

*Yours ever*

(J E Holmes)  
Private Secretary

T Flesher Esq  
Private Secretary  
10 Downing Street

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DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: President Kyprianou

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Thank you for your letter of 31 July drawing my attention to recent action by the Turkish Cypriot leadership.

It goes without saying that the United Kingdom is against any action which might make a settlement of the Cyprus problem more difficult to find. We continue to follow with care all developments in Cyprus, including the measures recently introduced by the Turkish Cypriots which you describe in your letter.

You can rest assured that the British Government will not lose sight of the gravity of the situation in Cyprus. As you know, it is our firm belief that the intercommunal talks currently being held under the auspices of the UN Secretary General offer the best way forward in the search for a peaceful, just and lasting settlement to the Cyprus problem. I have been encouraged to note the real, if limited, progress which the talks have made recently. The United Nations Secretary General knows that we stand ready to assist him or his representatives in any way

/he

Enclosures—flag(s).....

*Does this imply we can't do anything - by mistake*



he would consider appropriate. I am confident that you will continue yourself to give the fullest support to the intercommunal talks.





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THE PRIME MINISTER

Thank you for your letter of 31 July drawing my attention to recent action by the Turkish Cypriot leadership.

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His Excellency Mr. Spiros Kyprianou.