

PRIME MINISTER

Cyprus

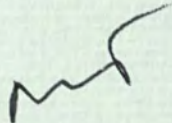
There have been a lot of telegrams on this subject recently but none that I needed to bring to your attention.

You should, however, be aware that tension is increasing again. Denktash is threatening to go ahead with Turkish Cypriot settlements of Varosha. The Greek Cypriots are upset by this and other threats. There has been talk of troop movements, but not much evidence that they have happened.

President Reagan has proposed to Congress a \$250m peace and reconstruction fund for Cyprus, partly as a way of persuading Congress to approve the Administration's requests for aid to both Greece and Turkey.

I think we are doing all we can. Sir John Thomson is being very active in New York during the Security Council Meeting which continues. We are asking Dr. Luns, in view of his particular links with Turkey, to try and exercise a moderating influence on the Turks. We are in close touch with the Americans.

A. J. C.



9 May, 1984.