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cc: Sir P. Craddock

10 DOWNING STREET

18 February 1985

From the Private Secretary

CYPRUS: MEMBERSHIP OF NATO AND THE EUROPEAN COMMUNITY

Thank you for your letter of 15 February enclosing an analysis of the Cyprus Government's suggestion that Cyprus might become a full member of both NATO and the European Community.

The Prime Minister agrees that this analysis should be discussed with the Americans in confidence before her own meeting with President Kyprianou.

Charles Powell

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Colin Budd, Esq.,
Foreign and Commonwealth Office.

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Prime Minister
 The attached paper
 argues that the
 obstacles to Cyprus joining
NATO & the EC are insuperable: but
 we should welcome signs of an
 intention to pursue a
more western-oriented foreign policy.
 Foreign and Commonwealth Office
 London SW1A 2AH
 15 February 1985

Dear Charles,

Agree that FCO should
 discuss this analysis with the
 Americans? Yes/No CDP 15/2.

Cyprus: Membership of NATO and the European Community

You will recall that at the Prime Minister's last meeting with President Kyprianou on 14 January (record enclosed) he floated on an informal and personal basis the idea of Cyprus becoming a full member of both NATO and the European Community. The Prime Minister has agreed to see Kyprianou on 28 February and he may well raise the issue again. You may therefore like to see the enclosed analysis which has been prepared within the Foreign and Commonwealth Office on the implications of Kyprianou's suggestions.

We have heard from the Embassy in Washington that a Cypriot politician close to President Kyprianou has broached the same subject with the Americans. He subsequently made a similar approach to us. We therefore consider that it would be appropriate to discuss the Cypriot ideas in confidence with the Americans. It would be useful if we could do so before the Prime Minister's meeting: in the event that President Kyprianou should make his ideas public, it would be very desirable that key NATO members should react in a similar fashion. These consultations could be conducted in such a way as to avoid compromising the confidence of President Kyprianou himself. We would be grateful for the Prime Minister's endorsement for such an approach.

Yours ever,
 Colin Budd

(C R Budd)
Private Secretary

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 10 Downing Street

POSSIBLE MEMBERSHIP OF CYPRUS IN NATO AND EC

1. At his meeting with the Prime Minister and the Secretary of State on 14 January, Kyprianou floated (informally and personally) the idea that Cypriot full membership of NATO or the EC might offer the best guarantee for a settlement on the island. This paper examines Kyprianou's motives; the attitudes of those who would be affected if the idea were made formal and public; and HMG's own interests.

Kyprianou's motives

2. Kyprianou said at the meeting that such a step might help to create unity in Cyprus and avoid the need for specific guarantees. We believe Kyprianou is genuinely casting about for ideas on guarantees which would obviate the need for a Turkish military presence in the north of the island. His recent thinking seems to have developed on the following lines:

- a) Greek Cypriots do not want a Turkish military presence on the island;
- b) Turkey will never agree to withdraw completely unless the Turkish Cypriot community is adequately protected by other means;
- c) Turkey might trust certain European countries as guarantors;
- d) All those countries would be members of NATO and the EC;
- e) Thus the long term solution to the problem of guarantees may be to take Cyprus fully into the western camp by joining both EC and NATO.

3. This pattern is substantiated by:

a) Kyprianou's recent distancing of himself from the Communist party AKEL with whom he has broken his alliance and a general rightward shift currently apparent in Cypriot politics;

b) recent conversations with Mr Wilberforce in Nicosia where Kyprianou has referred on a number of occasions to the involvement of western countries in new guarantee arrangements.

4. Another and complementary interpretation of Kyprianou's motives is that, along with his determination to remove all Turkish troops from the island, his greatest foreign policy objective is to secure entry of Cyprus into the EC. He may believe that NATO membership would facilitate EC membership. He may in any case hope that one effect of an application for membership would be to put steam behind the talks on customs union, for which the present outlook is poor.

5. But neither membership of NATO or the EC would per se:

a) provide a guarantee against inter-communal conflict;

b) provide a guarantee of Cyprus' security against Turkey.

Kyprianou may not yet accept this and may be content to accept that in a general sense such moves would diminish the grounds for concern about further inter-communal tension.

Constitutional/

Constitutional position

6. There is no reason why Cyprus, currently non-aligned, should not apply to join either the EC or NATO at any time. There is no Treaty obstacle to NATO increasing its membership, as in the case of Greece and Turkey in 1951, the FRG in 1954 or Spain which joined in May 1982. There is some room for doubt as to whether the North Atlantic area, as currently defined in the Treaty, covers Cyprus, but this would be no obstacle if there was a consensus in the Alliance on Cypriot membership. The Treaty has already been modified once to take account of Turkish membership. On the EC side, Cyprus currently has an Association Agreement with the EC which is intended to lead to the establishment of a full customs union. Unlike the EC/Turkey Association Agreement there is no article providing for the possibility of eventual membership. However under the terms of the Treaty of Rome there is no obstacle to Cyprus membership so long as everyone agrees that Cyprus is a "European State". There are no constitutional barriers to further enlargements.

Implications for NATO

7. NATO arguments for Cyprus membership are:

- a) southern flank strengthened by acquisition of strategically placed island (see American attitude below);
- b) would enhance its reputation and be a feather in its cap (in contrast to Warsaw Pact, nations actually want to join);
- c) credit to NATO might be given if settlement finally achieved under its umbrella - might lead to rapprochement between Greece and Turkey;
- d)

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8. NATO arguments against Cyprus membership are:

- a) would introduce a further southern flank problem into its arena; the impact on the Allies of any subsequent Turkish intervention if the situation deteriorated on the island could be grave;
- b) could badly affect east/west relations if Soviets regarded entry as upsetting status quo on zones of influence;
- c) the necessary unanimous agreement unlikely given above and Greece and Turkey's likely reactions (see below);
- d) Cypriot forces would make no significant contribution to the military strength of the Alliance;
- e) Cypriot government and security services vulnerable to Soviet penetration: might prove threat to NATO Security.

Implications for EC

9. EC arguments for Cyprus membership are:

- a) might help secure stability and democracy in Cyprus (argument used to justify Greek, Spanish and Portuguese entry);
- b) an application might provide leverage to get Greece to agree to unblock EC/Turkey relations: (particularly on aid).

10. EC arguments against Cyprus membership are:

- a) Likely to be strongly resisted by Mediterranean producers as introducing more competition on agricultural products already in surplus;

b)/

- b) Might encourage Turkey to apply for full membership: EC wants to discourage such an application so soon after Spanish and Portuguese entry; difficult to admit Cyprus without giving at least prospect of membership to Turkey;
- c) Cyprus would expect to be net recipient of own resources;
- d) Would further strengthen 'southern bloc' within EC, with its prodigal attitude to Community spending (Mediterranean agriculture, IMPs etc);
- e) Would make it even more difficult for the Community to be even-handed in its approach to the Cyprus problem.

American Attitude

11. NATO idea might have strong appeal to some sectors in Washington because:

- a) history of enthusiasm for a NATO role in Cyprus settlement;
- b) attractions of access to an island of such strategic importance especially with regard to American activities in the Middle east;
- c) attraction, greater for Americans than Europeans, of 'snubbing' the eastern bloc and the non aligned movement by bringing Cyprus into the western fold.

UN/Soviet/Non-aligned attitudes

12. Soviet Union and non-aligned countries in Security Council have placed great stress on call on all states to respect Cyprus'

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non-alignment in a succession of Security Council resolutions. There would be an outcry at a departure from this commitment. This rules out any encouragement by the Secretary General (even if the idea found any favour with him) to include membership of the EC and NATO in a Cyprus settlement. Any suggestion that the Secretary General might act in this way could seriously complicate his efforts to achieve a Cyprus solution. It would probably also mean looking outside the UN for a mediator.

13. The Soviet Union and eastern bloc would inevitably react badly to any idea of a NATO role in Cyprus. Their support for a settlement derives entirely from their concern to see Cyprus remain non-aligned. While Cyprus membership of NATO could therefore be seen as 'coup' against that policy, it risks:

- a) some deterioration of relations between east/west.
- b) possible negative and meddling activities by the Soviets in Cyprus and in the eastern Mediterranean, an already potentially unstable region.

Attitude of Greece and Turkey

14. It is unlikely that Turkey would support Cypriot membership of NATO which it might see as a ploy to make her give up her right to maintain (under the Treaty of Alliance) a residual military presence on the island, and (under the Treaty of Guarantee) the right to intervene. There are no grounds to suppose that the Turks would be willing to give up that right under any circumstances. The Turks might also suspect the Greek/Greek Cypriots of exploiting NATO membership to station more Greek troops on the island. In east/west terms the Turks would fear that Cypriot membership of NATO would adversely affect their currently improving relations with the Soviet Union.

15. On the EC, Turkey would no doubt demand that if Cypriot membership were contemplated, her own case was pursued at the same time and same pace. We do not regard Turkish membership as possible in economic terms, or negotiable in political terms, in the immediately foreseeable future. But for the EC to let Cyprus in and keep Turkey out would be seen by Turkey as a fresh rebuff.

16. In principle if Kyprianou were determined to pursue his application to join NATO, Papandreou would find it difficult to oppose him. But it is hard to imagine his being enthusiastic given the difficulties he made over Spanish entry. But this would not apply in the case of the EC.

Could Kyprianou deliver?

17. Kyprianou is relatively secure at home on an issue of this nature. He has recently ended his alliance with the Communist party AKEL (which takes approximately 30% of the popular vote) and now governs independently. We believe that he has discussed in general terms the subject of guarantees with the leader of the centre right party, Democratic Rally.

18. Of the two main opposition parties, Democratic Rally might show cautious interest in the idea whereas AKEL would for obvious reasons be opposed. Kyprianou would therefore need to have solid backing both from his own party, DIKO (20% of the popular vote), Rally (approximately 30%) and, if possible, from the smaller parties. The small socialist party EDEK (8% popular support) would be expected to follow the Greek line on the issue.

19. Given AKEL's popularity, the possibility of a left-wing President gaining power in the future exists. His main plank would be to reverse this policy. There is a traditional anti-American and anti-NATO feeling among Cypriots, although the post has detected recently less popular attachment to the principle of non-alignment

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than in the past. Such a risk in itself should not influence our assessment of where our interest lies.

20. If membership of NATO would not secure the withdrawal of all Turkish troops, it is difficult to see what other advantages membership of NATO would have for Cyprus except in a general political sense if Kyprianou's objective is to throw his lot in with the west. Cypriots appear to believe that membership of the EC, on the other hand, would bring enormous economic benefit to Cyprus through the CAP. (We believe their industry could not cope with Customs Union, let alone full membership). They might judge it politically and economically worthwhile to join NATO in order to improve their acceptability as member of the EC.

HMG interests

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22. [REDACTED]

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23. There are no outstanding HMG interests in Cyprus joining the EC not covered in paragraphs 9 and 10 other than the view we take at that time of the value of our bilateral relations with Cyprus. From a UK view, the balance of advantage in strictly community terms would be strongly against having Cyprus as a member.

Conclusions and possible future action

24. There is no certainty that Kyprianou is doing any more than casting around for ideas on guarantees and testing in a general way our likely reaction to Cypriot overtures for a more western-orientated foreign policy. We should want to welcome the latter unreservedly. Entry into NATO and the EC poses a number of difficulties however. It may be that:

- a) if we or others do not react he will drop the idea;
- b) if he pursues it, he will find the Turks will insist on keeping a military presence and then may drop it.

25. If the Cypriots persist and make the idea public:

- a) the Americans might welcome the NATO idea;
- b) the Soviet Union and non-aligned countries are likely to react very badly to both, particularly NATO;
- c) NATO countries are likely to be very cautious; EC countries are most unlikely to want Cyprus as a member;
- d) Turkey would probably reject the NATO idea and Greece would probably be secretly relieved if they did. Turkey would insist on her own right to apply to join the EC; Greece might at least publicly support the Cypriot move.

26. There would probably only be a marginal advantage for the security of the SBA's by having Cyprus in NATO. There are however significant advantages in a NATO presence on Cyprus which we should want to weigh very carefully against the disadvantages. We should want to think very carefully before publicly opposing Cypriot membership of the EC.

27. In present circumstances, we should:

a) consult when the opportunity arises with the Americans, FRG, French and Italians to see whether they have been approached and to gauge their initial reactions while indicating our own doubts;

b) (if it is raised again with us) say that we have thought seriously about his ideas and have come to the conclusion that given the likely Turkish reaction it would seriously complicate rather than facilitate a solution to the Cyprus problem. Go on to counsel firmly in private against applying for either body, but in recognition of the problem of Turkish military presence, offer to explore ideas in paragraph 29 below. In the meantime, stress the importance of pressing on with negotiations and the difficulties of moving away from present guarantees in the short term;

c) make clear to Kyprianou that we would welcome any more general orientation of his foreign policy towards the west.

28. If Kyprianou makes his intentions public we should:

a) consult with our NATO partners to find if unanimity is likely;

b) consult our EC partners, but if (as is likely) the idea is clearly a non starter, leave them to make the running in opposing it;

c)/

c) gauge the UN Secretary General's reaction to both;

d) make a judgement then in the light of circumstances of the desirability of our supporting or trying to dissuade Kyprianou on either issue.

29. If it emerges that NATO and EC membership looks impossible we could explore other avenues which might meet favour with Kyprianou:

a) involve other western countries (in a non NATO role) in the guaranteeing of Cyprus. We know that at present the Turks oppose any extension of the guarantee arrangements. But they may as part of a final settlement be prepared to consider the involvement of Islamic and Western states; possibly imagining at present that Kyprianou is thinking of Soviet bloc involvement;

b) pursue the (Greek Cypriot) idea that the military presence of certain muslim countries in northern Cyprus might obviate or minimise the need for a Turkish military presence.

15 FEB 1985

