

CONFIDENTIAL

Cyprus



Foreign and Commonwealth Office

London SW1A 2AH

LA. And

17 December 1980

Dear Michael,

Cyprus

I enclose a brief for the call on the Prime Minister by President Kyprianou on 19 December, together with biographical notes on the President and Mr Rolandis. I also enclose a copy of the High Commissioner's scene-setting report in Nicosia telegram no 360; and for ease of reference the record of the Prime Minister's last meeting with President Kyprianou.

The Cypriot party will number six:-

President Kyprianou
Mr N Rolandis (Foreign Minister)
Mr T Panayides (High Commissioner)
Mr H Vovides (Director of the President's Office)
Ambassador D Michaelides (President's Office)
Mr A Chambos (Director of the Foreign Minister's
Private Office)

As agreed, the following will be present from the Foreign and Commonwealth Office:-

Mr Julian Bullard, Deputy Under-Secretary of State
Mr Timothy Daunt, Head of Southern European Dept

I mentioned to you on the telephone that the Cypriots wish to bring a photographer with them.

Yours etc
Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON



PRIME MINISTER'S MEETING WITH THE PRESIDENT OF CYPRUS: 19 DECEMBER 1980

Points to Make

Cyprus Problem

1. Delighted at continuation of talks. Congratulations on not pressing issue in UN General Assembly.
2. A unique opportunity may be approaching; present Government in Ankara appear potentially more flexible than any predecessors, or likely successors.
3. But deadlock equally possible. Frankly both sides seem equally inflexible so far.
4. Basic deal remains: Turks must concede territory (we have pressed them hard); Greeks must concede on constitution - at least initially a weak federal government and some constraint on return of refugees etc.
5. Merit in interim package? eg, Varosha/practical measures? You will not get Varosha for nothing; but your recognition problem on practical measures can be solved by simple disclaimer. Surely you can be flexible here?
6. We willing to help; but will not cut across UN initiative while it lasts. Have confidence in Gobbi.

EC/Cyprus

7. UK largely responsible for agreement that transition to Stage II of Association will begin in 1981; will support you further next year.

Aid (Defensive)

8. Considering your Aide Memoire. Our position unlikely to change - we owe you nothing and have no money. But public dispute would benefit neither of us. Foreign Minister to discuss further with Lord Privy Seal?

UNFICYP (Defensive)

9. Heavy burden on troop contributors. In line with UN recommendations, we will make limited cuts in helicopters. Hope Cyprus Government will contribute more.

Visit of the 'Speaker of the Cyprus House of Representatives'
(Defensive)

10. Michaelides invited long before his split with you. I received him at Speaker's request as leading figure of friendly Commonwealth country. (Saw Papandreou same week.)

Students Fees (Defensive)

11. Regret decision to raise fees is firm. Recognise problems in many countries, not just Cyprus.

Background

UK Interests in Cyprus

12. These _____ arise from:

- (a) *Passages deleted and retained under Section 3(4). (Wayland, 15 July 2014)*
- (b) need to preserve peace between Greek and Turkish allies;
- (c) our residual role as guarantor power;
- (d) Cypriot community in UK.

Cyprus Problem

13. Between 1963, when bicomunal constitution broke down, and 1974, Turkish Cypriots were enclaved and harassed by Greeks. Since Turkish invasion in 1974, de facto partition. The only possible basis for settlement is a loose biregional federation, with Greek Cypriots conceding a constitution giving the Turkish Cypriots effective autonomy (in any case complete control over their own security) and the Turkish Cypriots conceding substantial territory (at present 20% of the population, occupying nearly 40% of Republic). UK, with US and Canada, proposed such an outline in 1978. The Greek Cypriots rejected it; but it led indirectly to current UN initiative.

14. Intercommunal talks under UN auspices resumed on 16 September. To avoid a repetition of last year's breakdown, the UN started the talks at a slow pace, with one meeting per week and four agenda items taken weekly in rotation:

- (a) Varosha (Greek suburb of Famagusta, now empty in Turkish hands);



- (b) practical cooperation measures;
- (c) constitution;
- (d) territory.

15. The atmosphere has been generally good; Greek Cypriot restraint in not pursuing their traditional propaganda victory at the UN General Assembly has helped. In the twelve meetings so far, initial bargaining positions have been set out and some common ground identified, but not on essentials. Greek Cypriot constitutional proposals remain maximalist, eg, insisting on complete freedom of movement/settlement immediately. Their suggestions on 'practical measures', which the Turks hope will relieve the effects of the economic embargo, were wholly inadequate, covering only matters such as social security payments. The Greek Cypriot side is reluctant to concede anything which might imply that the Turkish Cypriots run a legitimate Administration - eg for airports. (Not to be disclosed: Dr Waldheim has asked if the Prime Minister would press President Kyprianou over 'practical measures'.) The Turkish Cypriots have so far refused to make any specific territorial proposals at all and Mr Denktash is obviously opposed to doing so. But there are signs that the Turkish military government genuinely wants progress and might push Mr Denktash at least sufficiently to keep talks going. Lord Carrington has pressed the Turkish Foreign Minister both in London (October) and Brussels (December) to get the Turkish Cypriots at least to indicate what/^{territory} might be on offer if they got a satisfactory constitution.

16. The talks in recess until January. They have so far been handled with great skill by the UN's new representative in Cyprus, Mr Gobbi. Dr Waldheim favours an interim package involving the return of Greek Cypriots to Varosha and a significant easing of the economic blockade on the Turkish Cypriots, enabling them eg to operate an airport with use by international carriers. He recognises that at the same time progress would need to be made in the negotiation of the main points: constitution and territory. The Cyprus Foreign Minister/^{was} in New York to discuss possibilities with Dr Waldheim immediately before coming to London. Ankara favours an interim package but the Greek Cypriots remain reluctant to make concessions implying recognition of a Turkish Cypriot 'state'.



17. (Not to be disclosed): President Kyprianou's internal position is weak; there have been important defections from his party (including Mr Michaelides the 'Speaker', whom the Prime Minister received recently in London). The Greek Cypriot 'National Council' is ostensibly responsible for major policy decisions but President Kyprianou's own lack of flexibility is thought by the United Nations to be the greatest obstacle to progress at present; but he is widely criticised for the lack of progress and flexibility could help his popular standing.

EC/Cyprus.

18. Britain is Cyprus's main supporter in the EC. The 1972 EC/Cyprus Association Agreement provided for stage two (customs union) to begin in 1977; but repeatedly postponed because French and Italians object (agriculture). In November, the Association Council agreed that the 'process of passage to the second stage' should begin on 1 January 1981. The Foreign Minister told Lord Carrington that President Kyprianou was 'very gratified'. In practice the 'process' is not likely to be short or easy, particularly in the absence of a Cyprus settlement - the Turks make what difficulties they can.

Aid 'Money for Bases'

19. In 1960 Treaty (Appendix R) Britain undertook to grant £12 million to Cyprus in the first five years of independence, and to determine future amounts of aid, if any, each succeeding five years. The Cypriots see this as a continuing obligation to pay for presence of Sovereign Base Areas; we dispute this; and legally they have no case. Britain paid the first £12 million. But the breakdown of the constitution in 1963 removed political rationale for further aid. In 1978 Britain offered a £7.5 million loan, which was to be considered to discharge any past obligations. The Cypriots have not taken it up; for internal political reasons (including communist - largest political party with 25% of votes - opposition) they continue to press a claim which they have set at £250 million. An aide memoire is being 'considered' pending a negative reply; policy is to play the issue long and low; the Cypriots want a committee to consider their claim; it is not necessarily ruled out but has not been conceded as it could merely raise expectations. Thinking Greek Cypriots doubtless know that
/they



they would be unwise to press too hard ahead of a Cyprus settlement.

UN Force (UNFICYP)

20. UK is the largest contributor. The cost is over £5 million p.a. in addition to basic costs of troops. A UN review of costs was instigated in mid-year. In accordance with its recommendations minor reductions and some cutting of British helicopter support is being made. Officials still working on details. Greek Cypriots, whom UNFICYP defend, are sensitive over cuts. All troop contributors agree that they should pay more, since it is the Greek Cypriots who benefit.

Visit of the 'Speaker of the Cyprus House of Representatives'

21. (Not to be disclosed) President Kyprianou is reportedly upset that the Prime Minister received Mr Michaelides in November; he had just defected from the President's party to become a leading rival for the Presidency (in 1983).

Student Fees

22. Strong Cypriot protests at the decision to increase overseas students' fees to full cost. The Cypriots claim that they suffer particularly, because there is no university in Cyprus and the educational system is UK-orientated. Efforts to secure special treatment for them have failed.

PRUS: VITAL STATISTICS

1. Population and Land Area (whole island)

(a) Land Area	9251 km ² of which:
	59.2% Greek Cypriot controlled
	35.1% Turkish Cypriot controlled
	2.77% Sovereign Base Areas
	3% Buffer zone
(b) Population	620,000
	(505,000 Greek Cypriots)
	(115,000 Turkish Cypriots)

2. Political Parties (strength in House of Representatives)

Democratic Party (DEKO) (supporting President Kyprianou)	11
AKEL (communist)	9
New Democracy Party (Mr Michaelides)	6
EDEK (extreme left)	4
Centre Union	3
Independent	1
Democratic Rally (right)	1
	<hr/>
TOTAL	35
	<hr/>

3. Gross National Product (Greek Cypriot Section)

	<u>1978</u>
(a) Total	US\$1,370m
(b) Growth Rate (1974-79)	11% per annum approx.
(c) Per Capita	US\$2,110

4. Trade with UK

	<u>1980 (est)</u>
UK Exports to Cyprus	£118.8m
UK Imports from Cyprus	£113.9m
UK Share of Cyprus Imports	20%
UK Share of Cyprus Exports	23%
Position in UK's Export League Table (1979)	50th (of 150)

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KYPRIANOU, SPYROS

President of the Republic of Cyprus since 1977.

Born 1932. Barrister (Gray's Inn). From 1955 the principal EOKA contact in London. Minister of Foreign Affairs after Independence. Always close to Makarios. Formed artificial centrist electoral coalition (with communist help) to beat right wing in 1976. Was elected President unopposed ('interests of national unity') after Makarios died 1977.

As Foreign Minister advocated tough policy and no concessions to Turks. With the West, often prickly, stubborn, and legalistic. As President, weak, indecisive, and increasingly unpopular. His DEKO coalition is breaking up; communists have deserted him; and Michaelides has split, to form rival centrist party. (Parliamentary elections due spring 1981; Presidential 1983.) But apparently determined to soldier on.

* ~~~~~ * Bad health may force early retirement, though recently better. Married, 2 sons. Speaks English well.

* — * Passage deleted and temporarily
retained under Section 3(4)

Wayland
15 July 2014

December 1980

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ROLANDIS, NICOS A

Minister of Foreign Affairs since 1978.

Born Limassol 1934. Educated locally and in London (Middle Temple). Barrister 1956. Practised law in Cyprus before turning to business and becoming the Managing Director and major shareholder in one of the biggest industrial groups in Cyprus, well known locally as the manufacturers of Seven-Up. On boards of other companies.

Kyprianou probably chose Rolandis as a loyal supporter who would carry out orders rather than himself shape foreign policy. But Rolandis, who has shown a mind of his own, privately gives every sign of supporting a realistic solution to the intercommunal problem. He exerts influence on the President and helped to persuade him to meet Denktash in May 1979. But in the last resort Rolandis, a relative new comer to politics, does not seem to carry sufficient weight to persuade Kyprianou to change his mind on fundamental issues.

Markedly more pro-Western than Kyprianou, he has been actively reforming the Cyprus Diplomatic Service.

Speaks English fluently. Married, two daughters and one son. His wife, who also speaks good English and was a leading Cypriot tennis player, gives him strong support.