

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT  
OF CYPRUS AT 10 DOWNING STREET on 19 DECEMBER 1980 at 1000 HRS

see Master oct.

Present:- Prime Minister President S Kyprianou  
Mr J L Bullard Mr N Rolandis  
Mr M O'D B Alexander Mr H Vovides  
Mr T L A Daunt Mr D Michaelides  
Mr A Chambos

European Community

After an exchange of courtesies, President Kyprianou said that he had just visited Luxembourg for discussion of the problems over Stage II of Cyprus's Association Agreement with the Community; he had met with full understanding. In particular, he wanted the arrangements for 1982/83 to be better than those conceded in 1978; these arrangements would apply prior to completion of the customs union. He looked to the Community to be generous: Cypriot production of the commodities and manufactures which caused difficulty was miniscule by European standards. Mr Rolandis suggested that there should be detailed discussion between Trade Ministers. Arrangements must be made to safeguard the Cypriot position in the British market ahead of customs union; market shares, particularly in sales of wines and sherry, had been falling as a result of the shift in the incidence of duties following British accession to the EC.

President Kyprianou said that he would send the Prime Minister a paper setting out his Government's view of the problems over relations with the EC. These should not be regarded as exclusively economic. There was an important political aspect. Many in Cyprus took the view that association with the EC was undesirable and potentially prejudicial to Cyprus's policy in non-alignment. He took exactly the opposite view: Cyprus is part of Europe and close association with the EC was necessary whatever solution was found to the Cyprus problem. The main trouble was the attitude adopted by France and Italy. He was asking for British help in dealing with those Governments. Mr Rolandis said that he had explained the background to Lord Carrington at their meeting on 24 November. The Cyprus Government was aware of the very helpful line taken by Britain in EC discussions and was suitably grateful. The main stumbling block for the future was the French Government. M. Francois Poncet had in effect admitted in private

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conversation that his Government, although pushed into accepting the 24 November agreement, would make difficulties over arrangements for the reduction of specific duties. The Prime Minister said that full support had been given to the Cypriot case and she would be glad to study the promised paper. She welcomed the news that the Cyprus Government would be getting in direct touch with all EC Governments. They should bear in mind that they were not the only people having difficulty with the French; progress on a number of matters was unlikely to be great ahead of the elections in France.

### Cyprus Problem

The Prime Minister said that the next round of inter-communal talks seemed likely to be crucial and a determined effort must be made to secure a successful conclusion. President Kyprianou, agreeing, said that he would have to wait to see what position the Turkish side took. No Turkish offer on territory had been made; the future of the talks would turn on their making realistic proposals.

President Kyprianou outlined the recent history of the inter-communal talks, stressing that his agreement with Mr Denktash in 1979 had made Varosha a separate issue. The Turks were to return it to the Greeks as a gesture of goodwill to enable the negotiation of an overall settlement to take place. The Turks were obstructing progress by insisting that Turkish administration of Varosha should continue after the return of Greek Cypriots. No-one would return on those terms. Although the Turkish side should not ask for concessions in return for Varosha, the Cyprus Government had made a large number of detailed offers over practical measures. So far only two had been agreed: social security payments to those entitled to them (and this despite the fact that those concerned lived under foreign military occupation) and medical services. On the constitutional side, the Turks said that they accepted the principle of federation but they put forward proposals which were unworkable. From the Greek side, the proposals made by President Makarios had not only been reiterated but had been elaborated with the help of British experts (Palley and the Hicks). Meanwhile the Turks had come forward with nothing over territory. They had hinted outside the talks that they might be more positive during the next round but had at one stage said that territory would have to be discussed 'on another level'.

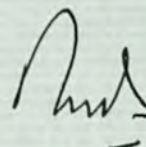
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The Prime Minister said that the world would be watching the next phase of the Cyprus talks. The indications were that the Turkish Government wanted a settlement. Its ability to consider the underlying realities of a situation had been demonstrated over the return of Greece to NATO. The conjuncture at last seemed favourable and it was very important that the opportunity should be seized. There were enough dangerous political problems in the Near East without adding to the instability by neglecting the opportunity to settle one of the area's major disputes. The parties must not stand on words but settle their differences on a realistic basis. President Kyprianou said that he agreed. There must indeed be realism and the outlook might now be better with a military government in Ankara, where the real decisions were taken. The first essential was for the occupiers of Cyprus to indicate their terms. He would not wish to ask for 'pressure' to be exercised in Ankara but outside Governments must be insistent in offering advice to the Turkish Government. He had reliable information that Mr Denktash was doing his best to disrupt the intercommunal talks. He must be curbed by Ankara; the Cyprus Government's request was that a real effort should be made to influence Turkish Government's policy. Mr Bullard said that there seemed little doubt that the influence of Ankara was now being exercised in the right direction. But this might not last if the response on the Greek side was wrong.

The Prime Minister said that Britain would continue to make it very clear to all concerned that the coming phase of the intercommunal talks was crucial and that the parties should show the necessary statesmanship and determination to settle their differences. The conjuncture was right and the moment of decision was rapidly approaching. The Turkish Government would be left in no doubt that this was her view.

The discussion ended at 1045.



22 December, 1980

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Cyprus.

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10 DOWNING STREET

*From the Private Secretary*

22 December 1980

Call by the President of Cyprus

I enclose a record of the conversation which took place between the Prime Minister and the President of Cyprus on 19 December.

I am sending a copy to David Wright (Cabinet Office).

MA

Paul Lever, Esq.,  
Foreign and Commonwealth Office.

Mans



Foreign and Commonwealth Office

London SW1A 2AH

*Draft to me*

19 December 1980

*Dear Michael,*

Cyprus

I enclose a draft record of the Prime Minister's  
/ conversation this morning with the President of Cyprus.

*Yours as*  
*Paul*  
(P Lever)  
Private Secretary

M O'D B Alexander Esq  
10 Downing Street  
LONDON

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1980 AT 1000

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European Community

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