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TO IMMEDIATE DESKBY FCO

TELEGRAM NO 003 OF 3 JANUARY 84

INFO IMMEDIATE ANKARA, ATHENS, UKMIS NEW YORK, WASHINGTON,

INFO ROUTINE PARIS, BONN, ROME, MODUK AND C3FC.

INFO SAVING UKDEL NATO.

CYPRUS : DENKTASH'S GOODWILL PROPOSALS

1. ON 2 JANUARY DENKTASH ISSUED A STATEMENT CONTAINING '' PROPOSALS OF GOODWILL, SO THAT THE FIRST STEPS COULD BE TAKEN TOWARDS A COMPREHENSIVE SOLUTION''. HE WAS ALSO INFORMING THE UN SECRETARY GENERAL, REQUESTING HIM TO HELP BOTH SIDES WITHIN THE FRAMEWORK OF HIS MISSION OF GOOD OFFICES, SO THAT THE PROPOSALS COULD MATERIALISE.

2. AFTER A PREAMBLE TAKING AS STARTING POINT THE DECLARATION OF STATEHOOD, BUT SPEAKING OF RECONCILIATION AND COMPROMISE AND OF THE NEED FOR A ''FEDERAL SOLUTION'' REACHED BETWEEN THE ''TWO PEOPLES'' IN CYPRUS, THE MAIN PROPOSALS ARE :

1 VAROSHA: ''THE TURKISH CYPRIOT SIDE REITERATES ITS READINESS TO ENGAGE IN NEGOTIATIONS ON ITS PROPOSALS OF 17 NOVEMBER CONCERNING VAROSHA AND NICOSIA INTERNATIONAL AIRPORT WITH THE GREEK CYPRIOT SIDE''. NEGOTIATIONS WILL BE WITHOUT PREJUDICE TO THE POSITION OF THE SIDES REGARDING EACH OTHER'S POLITICAL STATUS. VAROSHA AND THE AIRPORT ARE ''SEPARATE ISSUES NEITHER OF WHICH CONSTITUTES A PRECONDITION FOR THE OTHER''. AS PROOF OF ITS DESIRE TO RESOLVE THE VAROSHA ISSUE, THE TURKISH CYPRIOT SIDE ACCEPT IN PRINCIPLE TO PLACE THE ''VAROSHA AREA AS DEFINED IN THE TURKISH CYPRIOT MAP OF 5 AUGUST 1981 UNDER INTERIM UN SUPERVISION AND ADMINISTRATION-'' . THE MODALITIES AND CONDITIONS SHALL BE DETERMINED BETWEEN THE TURKISH CYPRIOTS AND THE UN. THIS INTERIM ADMINISTRATION SHALL NOT PREJUDICE THE FINAL POLITICAL STATUS OF THE AREA AND SHALL CONTINUE UNTIL A FINAL COMPREHENSIVE SOLUTION. THE QUESTION OF GREEK CYPRIOT RESETTLEMENT IN THE AREA SHALL BE CONSIDERED SIMULTANEOUSLY WITH THE BEGINNING OF NEGOTIATIONS FOR A COMPREHENSIVE SETTLEMENT. AFTER AGREEMENT HAS BEEN REACHED ON RESETTLEMENT UNDER UN ADMINISTRATION, THE AGREEMENT WILL BE IMPLEMENTED WITHOUT AWAITING THE OUTCOME OF DISCUSSIONS ON OTHER ASPECTS OF THE CYPRUS PROBLEM. OPENING THE AREA TO GREEK CYPRIOT RESETTLEMENT SHALL NOT PREJUDICE ITS FINAL POLITICAL STATUS. THE TURKISH CYPRIOTS ARE READY TO DISCUSS DETAILS WITH THE GREEK CYPRIOTS AND WITH THE UN.

II NICOSIA INTERNATIONAL AIRPORT: THE TURKISH CYPRIOT SIDE ACCEPTS HANDING OVER THE AIRPORT TO INTERIM UN ADMINISTRATION WITHOUT INSISTING THAT IT BE ADMINISTERED BY THE PARTIES THEMSELVES ON A BASIS OF EQUALITY''. OPENING THE AIRPORT WILL BE TO THE BENEFIT OF THE TWO SIDES AND WILL CONTRIBUTE TO GOODWILL AND TRUST. THE TURKISH CYPRIOTS ARE READY TO DISCUSS THIS WITH THE GREEK CYPRIOTS, OR FAILING THAT WITH THE UN. THE PROPOSAL IS NOT A PRECONDITION FOR OTHER STEPS AIMED AT CREATING GOOD WILL.

III COMMITTEE ON MISSING PERSONS: TURKISH CYPRIOTS PROPOSE THAT THEY CMP BE REACTIVATED IN ACCORDANCE WITH THE TERMS OF REFERENCE AGREED BETWEEN THE TWO SIDES (THE TURKISH CYPRIOTS HAVING AGREED IN NOVEMBER TO THE REMOVAL OF PROCEDURAL OBSTACLES). PILLOUD IS REQUESTED TO COME TO CYPRUS AT AN EARLY DATE. THE GREEK CYPRIOT SIDE IS INVITED TO DECLARE ITS READINESS TO PARTICIPATE.

3. 1 THE STATEMENT INCORPORATES A PROPOSED TEXT FOR A ''COMMON UNDERSTANDING'', WHICH WOULD BE ''WITHOUT PREJUDICE TO RESPECTIVE POSITIONS REGARDING EACH OTHER'S POLITICAL STATUS'', INCLUDING THE FOLLOWING POINTS :

(A) BOTH SIDES RESOLVE TO WORK FOR RECONCILIATION AND COMPROMISE
C ''BETWEEN THE TWO PEOPLES'' SO THAT THEY MAY PURSUE A ''FEDERAL UNION'' AND SOCIAL AND ECONOMIC DEVELOPMENT. TO ACHIEVE THIS THEY MIGHT ESTABLISH AS ''COMMON GROUND'' : AGREEMENT TO RESOLVE DIFFERENCES BY PEACEFUL MEANS UNDER THE AUSPICES OF THE UN: RESPECT FOR EACH OTHER'S POLITICAL EQUALITY, NATIONAL IDENTITY AND LEGITIMATE RIGHTS AND INTERESTS: SUPPORT FOR THE OPENING STATEMENT OF AUGUST 1980: AND THE AIM OF A ''BIZONAL FEDERATION'' BASED ON PARTNERSHIP AND CO-OPERATION.

(B) BEST ENDEAVOURS TO PREVENT HOSTILE PROPAGANDA AND TO ENCOURAGE MUTUAL CONFIDENCE.

(C) PRACTICAL MEASURES TO ''RESTORE AND HARMONISE RELATIONS'' INCLUDING PRIORITY TO REACHING AGREEMENT ON VAROSHA: CO-OPERATION FOR REOPENING NICOSIA AIRPORT: RESOLUTION OF THE QUESTION OF MISSING PERSONS: REFRAINING FROM HARASSING EACH OTHER IN TRADE, TOURISM, TRANSPORTATION, COMMUNICATIONS ETC: MUTUAL BENEFIT FROM ALL ECONOMIC FINANCIAL AND TECHNICAL ASSISTANCE FOR CYPRUS: ESTABLISHMENT OF AN ECONOMIC AND TECHNICAL COMMISSION AND A JOINT HEALTH COMMISSION: JOINT ENDEAVOURS IN THE CULTURAL FIELD INCLUDING GREEK AND TURKISH SECOND LANGUAGE TEACHING, A FEASIBILITY STUDY FOR A UNIVERSITY, JOINT CULTURAL AND SPORTING ACTIVITIES, SCIENTIFIC AND CULTURAL MEETINGS: AND A SEMINAR ON FEDERALISM AND THE IMPLEMENTATION OF THE FEDERAL PRINCIPLE IN THE CYPRUS CONTEXT.

(D) UNDERTAKINGS TO REFRAIN FROM PROVOCATIONS OF ALL KINDS
E AND TO AVOID THE THREAT AND USE OF FORCE.

(E) AGREEMENT TODAY HIGH LEVEL MEETING UNDER UN AUSPICES.

(F) AGREEMENT FOR BOTH SIDES TO CALL ON TURKEY AND GREECE
TO ENCOURAGE AND ASSIST THEIR EFFORTS IN THE SEARCH
S FOR A SETTLEMENT BASED ON PREVIOUS HIGH LEVEL
AGREEMENTS, THE 1908 OPENING STATEMENT AND THE
EVALUATION DOCUMENT.

4. FULL TEXT OF STATEMENT FOLLOWS BY BAG.

5. SEE MIFT.

5-6. FCO PLEASE PASS SAVING TO UKDEL NATO.

REPEATED AS REQUESTED

WILBERFORCE.

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PS/MR WHITNEY
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MR ADAMS
MR CARTLEDGE
MR EGERTON
LORD N GORDON LENNOX
MR HANNAY
MR THOMAS
MR JENKINS

ADDITIONAL DISTN

CYPRUS

STATEMENT BY THE FOREIGN AND COMMONWEALTH OFFICE

We welcome any steps which serve to lower tension in Cyprus and in this context have noted with satisfaction Turkey's announced intention to reduce the number of their troops in Cyprus. But it is also of great importance that real progress should be made towards a peaceful, just and lasting settlement of the Cyprus problem. In this regard, we are carefully studying Mr Denktash's statement of 2 January and the proposals contained in it and hope that these may be able to contribute to such progress. For our part, we remain ready to assist the UN Secretary-General's efforts in whatever way he considers appropriate. We have also over the past few weeks been in close contact with the parties concerned.

5 January 1984



10 DOWNING STREET

John ✓

You sent a copy of
Denktash's 2 Jan
statement to FCO
today. They would
like to know if
the "top secret"
classification is
the equivalent of ours.

Nicky

No - it is the
classification of the
Cyprus fact. I suggest
downgrade to
"Confidential".

[Signature] 14.
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