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Prime Minister

CDA



Foreign and Commonwealth Office 20/9

London SW1A 2AH

21 September 1984

Dear Charles,

Visit of President Kyprianou

I enclose briefing for the Prime Minister's meeting over lunch at Chequers with President Kyprianou at 12.45 p.m. on 24 September.

As you will know, we have agreed with the Cyprus High Commission that the following will accompany the President:

Mr Tasos Panayides, Cyprus High Commissioner

Mr Haris Vovides, Director of President Kyprianou's Office

Mr Jenkins will attend from the Foreign and Commonwealth Office.

UKMIS New York will be telegraphing separately a report of a meeting between Sir John Thomson and the UN Secretary General which is due to take place before the Prime Minister's meeting. I understand that this would be MUFAXED from No 10 to Chequers if necessary.

Yours ever,

Colin Budd

(C R Budd)  
Private Secretary

C D Powell Esq  
10 Downing Street

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PRIME MINISTER'S MEETING WITH PRESIDENT KYPRIANOU OF CYPRUS: 24  
SEPTEMBER

STEERING BRIEF

INTRODUCTION

1 The meeting is at President Kyprianou's request. He will wish to brief the Prime Minister on the United Nations Secretary General's proximity talks with President Kyprianou and Mr Denktash. President Kyprianou is due to see President Mitterrand on 25 September and will return to New York where he is to see Mr Shultz on 27 September and Mr Gromyko on 28 September. We know of no other official engagements while he is in London. He will have attended the Arsenal v. Stoke football match on Saturday.

2 The proximity talks started on 10 September and ended on 20 September. We understand from United Nations Secretariat that, as expected, they became difficult as the parties tackled substance, and little progress was made. A further round begins on 15 October. President Kyprianou will no doubt wish to seek support and understanding for his position and may want us to put pressure on the Turkish side. He is under political pressure at home and may be nervous and agitated.

3 President Kyprianou saw the Prime Minister in London in November 1983 immediately after the purported Turkish Cypriot declaration of independence. They met again in New Delhi at CHOGM later in November, in London in January and again in June. The record of the June meeting is attached as Annex A.

British Objectives

- 4 a. To help protect our interests in Cyprus (principally the Sovereign Base Areas) by listening sympathetically to Kyprianou;
- b. To help prevent a deterioration of the situation and to encourage Kyprianou to show the flexibility which will be necessary if progress is to be made;
- c. To re-emphasise our support for the United Nations

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/Secretary-General





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Secretary-General, remind Kyprianou of our efforts up to now and resist attempts to cast us as mediator;

d. To ask for Cypriot support on the Falklands UN debate.

#### Cypriot Objectives

- 5 a. To persuade us that pressure on Turkey is the only way to make Denktash serious about a settlement;
- b. To present Kyprianou's own reactions to the United Nations Secretary-General's initiative and to justify the stance he is taking;
- c. Possibly to press us to deny EC preferential access for goods from northern Cyprus, and to urge us to press for a customs union with the EC;
- d. Possibly to ask us to hold double bilateral talks with Greece and Turkey under the Treaty of Guarantee, if the talks fail;

#### Background

6 The proximity talks in New York have been based on "talking points" the Secretary-General put to representatives of the two communities in Vienna in early August. The talking points were given in strict confidence and the talks are confidential. Although there was leakage by the Greek Cypriot Communist Party and we have received reports from the UN Secretariat and on other channels, we should not reveal that we are aware of the details.

7 Sir J Thomson is due to see Sr Perez de Cuellar soon before the Prime Minister's meeting and will be telegraphing a report separately. The Secretary-General's proposals are ambitious: the re-opening of Nicosia Airport would effectively end the Greek Cypriot trade embargo on the north and would be difficult for the Greek Cypriots.

8 Kyprianou came under heavy pressure from the Greek Cypriot Communist Party AKEL and from the Centre Right Party Rally to accept the Secretary-General's invitation to the talks. Kyprianou's lukewarm response to the Secretary-General's last initiative in August 1983 had appeared to play into Turkish Cypriot hands, leaving the way open for "UDI".

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9 The UN Secretariat have told us that the going has been difficult, particularly with Denktash. Kyprianou has demanded that more territory than Varosha be returned and has asked for more details on the re-opening of the Airport. Denktash has said that he will only consider handing over Varosha and not six additional areas which the Greek Cypriots would need to balance to a concession on the Airport. More worryingly Denktash wants to reserve the right if he judges the Greek Cypriots have failed to keep any part of the bargain to withdraw completely from the process and re-occupy Varosha. This would be entirely unacceptable to the Secretary-General. On constitutional matters, Denktash has insisted on equality of status between the two communities. Despite the difficulties, we judge that neither side is likely to want to break up the talks. The Secretary-General has already asked the Americans to put pressure on Turkey. Further details are in the Essential Facts below.

Tactics and the course of the meeting

10 The Prime Minister may wish to reiterate our concern at recent events in Cyprus and emphasise our support for the Secretary-General in his current initiative. The reactions to the initiative of the two leaders have been encouraging. She could then invite Kyprianou to give his assessment.

11 Kyprianou will probably paint a highly subjective picture of the negotiations with the Greek Cypriots appearing reasonable and constructive on all points and Denktash obstructive at every turn. He will want the UK and others to put pressure on the Turks and on Denktash; to prepare Western opinion if the talks break down; and seek to put the blame on Denktash.

12 We should listen sympathetically, but avoid making commitments. We should stress the importance of the current initiative. Continuation of the status quo before the Turkish Cypriot UDI is no longer possible. Flexibility is needed and a breakdown must be avoided.

13 We can reassure him that if he can reach agreement we will support him in the face of possible criticism for making

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/concessions





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concessions.

14 In response to criticism from Kyprianou, we should emphasise our activity and interest: we have urged flexibility and moderation on the Turks and, so far as we have been able, the Turkish Cypriots. We will continue to do so in consultation with the United Nations Secretary-General. We should avoid being dragged into the details of negotiation and from making commitments which might enable the Greek Cypriots to shift to us the blame for lack of progress.

15 Kyprianou may probe our likely reaction to a breakdown and explore the possibility of a British initiative. We should stress that the best hope lies with the Secretary-General and counsel restraint: more Greek troops or arms purchases would be likely to lead to greater tension and risk violence.

16 Kyprianou may raise the questions of Cyprus/EC trade (although his government have apparently decided to postpone action against us and the Germans in the European Court) and of customs union (this is opposed by the French and Italians).

17 The Prime Minister may want to explain our position on the forthcoming Falklands debate.

18 Detailed briefing is attached.

Foreign and Commonwealth Office  
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PRIME MINISTER'S MEETING WITH PRESIDENT KYPRIANOU OF CYPRUS: 24  
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POINTS TO MAKE

- 1 Continue to be most concerned about the situation in Cyprus. Most important it does not get worse.
- 2 Much encouraged by your positive reaction to the Secretary-General's initiative. Heavy burden for you as President in the last ten months: you have shown statesmanship and restraint in the face of provocation. Hope you will continue to do so despite the difficulties and frustrations that lie ahead.
- 3 The present talks should be given every opportunity to succeed. Breakdown could lead to a sharp deterioration of the situation. Denktash would be likely to consolidate further his new so-called state.
- 4 We have made clear to the Secretary-General that we will do all we can to support him. We stand ready to assist him in whatever way we can.
- 5 We have been active in promoting peaceful, just and lasting settlement. We have taken a consistent and strong line with Turkey and the Turkish Cypriots over "UDI", the "Exchange of Ambassadors" and Varosha both in the United Nations and elsewhere. We drafted the Security Council Resolution deploring "UDI". We continue to make a major contribution to UNFICYP.

Pressure on Turkey

- 6 Have taken every opportunity to make clear to Turkey and to Turkish Cypriots our position on Cyprus. Will continue to do so in consultation with Secretary-General.

Guarantor Power Consultations (if raised)

- 7 We remain ready to hold tripartite consultations with Greece and Turkey that are envisaged in the Treaty of Guarantee. At present they would be inappropriate. Turkey agreed to such

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consultations after the purported declaration of independence but Greece declined. If the United Nations Secretary-General felt it would be helpful for us to issue a further invitation to tripartite consultations, we would give this serious consideration. But would be wrong for us to try to mediate and cut across Secretary-General's efforts.

EC/Cyprus [If raised]

8 Given our substantial interests and association with Cyprus have naturally thought seriously about Cyprus' relations with the EC. Would not be sensible time to withdraw Community preference from Turkish Cypriot exports while the Turkish Cypriots are at the negotiating table. We should not give Denktash a pretext to withdraw and consolidate the 'TRNC'. Community preference is one of the very few pieces of real leverage that the Ten have over the "TRNC".

9 (If necessary). Neither we, nor the majority of member states, believe that the circulation by the Commission of new Cypriot customs documentation obliges us to cease extending preferential treatment to northern Cypriot goods.

Customs Union

10 Shall go on pressing Community to agree on realistic proposals which will permit early Customs Union while safeguarding Cyprus' industries. But it has, as you know, been heavy going.

Falklands at the UN

11 Disappointed that Cyprus supported Argentina in General Assembly in 1982. This encourages view that aggression pays. Argentine invasion ruled out discussions of sovereignty. Argentines make clear negotiations can only have one outcome: transfer of sovereignty regardless of wishes of islanders. Hope Cyprus will not support Argentine resolution which calls for negotiations on sovereignty and fails to recognise importance of islanders' wishes.

BILATERAL ISSUES

"Money for the Bases" [Defensive]

12 Ready to continue discussions if you want. Worth looking again

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/at





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at our £7.5m loan offer made in 1978.

Students' Fees [Defensive]

13 Glad we were able to provide £1m for three years 1983-86. No decision yet on continuance of scheme but those already studying will not suffer.

ESSENTIAL FACTS

The Cyprus Problem

1 The situation in Cyprus is delicate and dangerous. After the purported Turkish Cypriot declaration of independence in November 1983 the Security Council passed a UK draft resolution deploring the declaration (SCR 541: 13-1-(Pakistan)-1-(Jordan)). The UN Secretary-General's 'five-point plan', produced after proposals were made by both Kyprianou and Denktash early in the year, met a lukewarm response from Kyprianou and outright rejection from Denktash.

2 On 17 April Turkey and the 'Turkish Republic of Northern Cyprus' exchanged 'Ambassadors' (when the UN special representative was visiting Cyprus). This was a slap in the face for the Secretary General. The Greek Cypriots, greatly angered, protested to the UN Security Council at Turkey's 'flagrant violation' of the Security Council resolution. The UN Security Council passed a resolution on 11 May (SCR 550: 13-1-(Pakistan)-1-(US)) condemning the exchange of 'Ambassadors' and reaffirming SCR 541. The resolution also reaffirmed the UN Secretary General's mission of good offices.

3 The political situation deteriorated further with moves by Denktash to consolidate the 'TRNC', an apparent start of resettlement in Varosha (which was halted after our and other protests) and a threat by Denktash to disrupt the operation of UNFICYP at its renewal in mid June.

4 In June the UN Secretary General said he would make a fresh initiative. Preliminary talks took place in Vienna on 6-7 August

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between Ertekun, the Turkish Cypriot 'Foreign Minister' and Mavromattis, Political Director of the Greek Cypriot MFA. The Secretary General is aiming for a meeting between the two leaders, possibly in the early New Year, to agree on the first stages of a settlement.

5 The Secretary General's "talking points" put to the parties in Vienna were confidential but immediately leaked to the Greek Cypriot press. They followed a "staged" approach. They began with confidence building measures: the placing of Varosha and six other smaller areas on the buffer zone under UN interim administration; a moratorium on actions tending to prejudice the Secretary General's efforts, and the re-opening of Nicosia Airport under UN interim administration with free access from both sides.

6 The next stage was establishing a governmental structure: working groups would be set up to discuss the whole range of government activity from foreign affairs to posts and telecommunications, and including one on defence and security. The Secretary General suggested a legislature of two chambers with 70:30 proportion in the lower chamber and 50:50 in the upper. A working group was to be established to negotiate further territorial adjustments in favour of the Greek Cypriots. This would lead to a transitional federal government.

7 Working groups would also be set up to discuss freedom of movement, settlement and right of property (the "three freedoms"); demilitarisation of the Republic with initial limited deconfrontation measures; and a timetable for achieving a federal system.

8 After internal consultations, Kyprianou and Denktash personally participated in proximity talks in New York which started on 10 September and ended on 20 September. The two sides have re-committed themselves to earlier (1977 and 1979) high level agreements. The Secretary-General tackled the principle of a federal state, and the substance of his talking points. As expected, the going became harder when substance was encountered, especially with Denktash. The Secretary-General has announced a

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second round beginning on 15 October. There may then be a meeting between the two leaders, possibly in the early New Year, to agree on the first stages of a settlement.

9 It is welcome that the talks have continued so far without a breakdown: but there are few substantive grounds for optimism. Denktash appears to be sitting pretty.

#### Trade with northern Cyprus

10 The Cypriots have repeatedly sought to persuade the EC to end preferential access for exports from northern Cyprus; the UK takes over 70% of all northern Cyprus' exports. Earlier this year, the EC Commission circulated new customs stamps for Cyprus but did not instruct member states to refuse to accept Turkish Cypriot stamps. While the Greeks interpreted the Commission's action as an instruction not to give preferential access to goods for northern Cyprus unless accompanied by Greek Cypriot customs stamps, other member states took the view that the status quo had not been altered. We have never thought it wise (or in our interests as northern Cyprus' major trading partner) for the EC to take precipitate action to cut off Turkish Cypriot preferences. But given our other interests in Cyprus we have not wanted to be any more prominent than we have in opposing Greek Cypriot wishes. President Kyprianou did not raise this at his last meeting with the Prime Minister and may not do so on this occasion. But he may (as he did last time) refer to our differences on the subject in speaking to the press.

#### Customs Union

11 President Kyprianou may seek UK support for early progress on Customs Union with the Community as enshrined in the 1973 EC/Cyprus Association Agreement. Progress beyond the initial stage has been repeatedly blocked by Italian (supported by French) reluctance to make any further concessions on imports of Mediterranean agricultural products. Although exploratory talks on a direct transition to Customs Union are now in hand there is little prospect of early progress. We have always felt that full Customs Union might not be in the Cypriots' own best interests (their industries will be vulnerable) but it is not for us to tell them so and we have

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/gained





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gained some credit with the Cyprus Government for our steadfast support on this issue.

#### Falklands at the UN

12 Cyprus (and Greece) voted in favour of the Argentine resolution at the General Assembly in 1982 but did not participate in the vote in 1983 (Greece abstained). Non-participation contributed to a reduction (from 90 to 87) in numbers of those who supported Argentina. Cyprus has a number of loyalties: to Greece, to the non-aligned movement and to the Commonwealth. Further non-participation would be much appreciated by us.

#### Money for the Bases

13 Since 1965 Cypriots have pressed us for aid (£250m) they allege to be due under the 1960 Treaties setting up the Republic of Cyprus and Sovereign Base Areas. They have also maintained that HMG should pay for the facilities we enjoy there. Appendix R of the Treaties provide for aid to be paid until 1965 and consultations thereafter, with the final decision left to the UK.

14 We maintain that there is no legal obligation to pay after 1965. We help in other ways: our contribution to UNFICYP is the largest (£22m per year and 800 men). In 1978 we offered a £7.5m loan: the Cypriots have not taken this up, partly because we said we would see it as fulfilling any obligations to date.

#### Students' Fees

15 Ministers agreed at the end of June that students currently on the fee support scheme (cost £1m a year) should be able to finish their studies. The scheme is due to end in 1985/86. The Cyprus Government attaches great importance to the scheme; the possibility of extending it for at least one year is currently being considered.

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PRESIDENT KYPRIANOU: PERSONALITY NOTE

KYPRIANOU, Spyros

President of the Republic of Cyprus since 1977.

Born 1932. Educated locally and then in London.

Barrister (Grays Inn). Represented Makarios in London 1952-54.

Attended the UN General Assembly in 1956 as Representative of the Ethnarchy Council. Returned to Cyprus in 1959 and, on

Independence, was briefly Minister of Justice, then

Minister of Foreign Affairs until 1972. In 1976 launched new

pro-Makarios party of the centre-right DEKO. Following

elections that year became President of the House of

Representatives and thus Acting President on the death of

Makarios in 1977. Subsequently elected President by acclaim

and re-elected unopposed in February 1978. Re-elected for a

second term in February 1983 gaining a clear majority on the

first ballot over his two opponents.

Has had health problems. Serious heart attack in March 1969

and subsequent troubles. But his health appears to have

improved more recently. Speaks English well.



## SUPPLEMENTARY SPEAKING NOTE

1. We have had a quick contact with the Secretary General after the end of the first round. It is clear that he has put in a tremendous personal effort. His concern over the general lack of progress is also clear.

2. What is your assessment of the prospects for progress in the light of the Secretary General's working points? Do the working points provide a reasonable way forward if they could be accepted by each side?

3. Do you see any prospect of a trade-off between constitutional flexibility and territory? If you can be flexible on the constitution, we are ready to press the other side to be flexible on territory.

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4. The Turkish side is giving us in confidence what we suspect may be an incorrect account of your position in respect of certain of the Secretary General's working points. If you can confirm that this account is not accurate, it would give the Secretary General and ourselves useful ammunition to use with the other side. For example, as regards the constitutional proposals:

i. Powers and functions of the federal government

They say that you seem to reject the suggestion by the Secretary General that a list be drawn up to specify the powers and functions of the federal government and that you are talking about devolving some powers from the centre rather than establishing a bizonal federation.

ii. Legislature

They say you reject the proposals for a bi-cameral legislature [can you accept 50:50 representation in the upper chamber?].



iii. Executive

They say that the role of the Turkish Cypriot Vice-Presidency would be diminished even compared with the powers set out in the 1960 Constitution, the implication being that the Turkish Cypriots could always be overborne in the Executive. Is this so?

5. As regards the confidence building measures, it is alleged that you are opposed to the re-opening of Nicosia airport, at least by implication, because of problems over sovereignty. Could you in fact accept the opening of the airport in exchange for an acceptable territorial package?