



Prime Minister

Jp 0498

MR POWELL

CDP  
24/L.

c Sir Robin Butler

Cyprus: The Elections

I attach an initial assessment of the implications of Vassiliou's victory.

2. The JIC plan a full assessment for 17 March, by which time more intelligence should be available (particularly on the likely direction of Vassiliou's policies).

PERCY CRADOCK

23 February 1988

DELICATE SOURCE

CYPRUS: THE ELECTIONS

1. On 28 February Mr George Vassiliou will take over as President of Cyprus for a five year term, having narrowly defeated (51.63 per cent to 48.37 per cent) the right wing candidate, Glafcos Clerides, in the second round of the presidential elections held last Sunday.

2. Vassiliou (56), reportedly a millionaire, owns a market research firm, the Middle East Research Centre, with offices in a number of countries. He studied medicine in Geneva, economics in Hungary and market research in England. He entered the contest as an independent offering a new start, particularly on intercommunal reconciliation. Shortly after declaring his candidacy, Vassiliou was backed by the Greek Cypriot Communist Party AKEL, of which his parents were active members. However, he also drew support from reputable independents, which lessened middle-class fears over his Communist links and enabled him to pick up support from the socialists and centre parties in the election run-off.

3. Vassiliou claims to be a supporter of free enterprise and has distanced himself from AKEL on two foreign policy issues: he supports the customs union with the EC; and he apparently takes a moderate stand on the SBAs, which AKEL wants removed. However, we do not know what, if any, commitments he may have given AKEL in return for its support.

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5. Vassiliou says he will create a government of national unity, drawing support from all parties. His stance on the Cyprus issue is to support a solution based on UN resolutions; the internal matters to be resolved through intercommunal dialogue and the international aspects

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discussed at an international conference under UN auspices, according to his manifesto "utilising the relevant proposals of the Soviet Union" (the Soviet Union has proposed an international conference to resolve the Cyprus problem). Vassiliou considers that a viable solution would need to resolve the question of guarantees, achieve the complete withdrawal of Turkish troops and settlers, and establish the right for all Cypriots to return to their homes. He intends to form a National Council to formulate Greek-Cypriot policy. But he has said that, while the Greek-Cypriots should try to improve trust and cooperation with the Turkish-Cypriots, they need also to improve their defences.

6. Cypriot foreign policy would remain non-aligned. Vassiliou made no mention of the SBAs in his manifesto.

7. Vassiliou's election comes at a time of a marked improvement in Greek/Turkish relations after the meeting between Ozal and Papandreou at Davos. Although some Turkish officials believe that the rapprochement with Greece will be short-lived, Ozal is apparently considering concessions on Cyprus in return for Greek support in the EC context (he particularly wants the Greeks to sign the EC Adaptation Protocol). These concessions may include withdrawing some Turkish troops from Northern Cyprus

returning Varosha to the Greek Cypriots, and implementing territorial adjustments that would allow up to 60,000 Greek Cypriots to return to their homes.

8. Denktash has given a guarded welcome to Vassiliou's election but is nevertheless wary of Vassiliou's apparent commitment to unification as opposed to the bi-zonal federation he favours. Kyprianou's defeat was largely a result of his failure to make progress on the Cyprus problem. However, Vassiliou's narrow victory must place some doubt on his ability to build a consensus in support of a settlement of the Cyprus issue.

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