

CONFIDENTIAL

011505
MDHIAN 3164

CONFIDENTIAL
FM NICOSIA
TO IMMEDIATE FCO
TELNO 95
OF 230925Z MARCH 88
INFO IMMEDIATE ANKARA
INFO PRIORITY ATHENS, UKMIS NEW YORK, WASHINGTON

CYPRUS PROBLEM : VASSILIOU'S APPROACH

SUMMARY

DISCUSSION WITH VASSILIOU OF HIS RECENT VISIT TO ATHENS AND HIS MEETING NEXT WEEK WITH THE PRIME MINISTER. CONCERN OF PAPANDREOU AND VASSILIOU THAT OZAL SHOULD, BEFORE OR DURING HIS VISIT TO ATHENS IN JUNE, GIVE A FAVOURABLE RESPONSE OVER DEMILITARISATION IN CYPRUS. VASSILIOU'S MAIN PRIORITY IS A MEETING WITH OZAL, TO CREATE THE RIGHT CONDITIONS FOR NEGOTIATIONS WITH DENKTASH. A PACKAGE OF RAPPROCHEMENT MEASURES UNDER PREPARATION.

DETAIL

1. ON 22 MARCH I HAD MY FIRST EXTENSIVE TALK WITH VASSILIOU SINCE HIS ELECTION ABOUT THE CYPRUS PROBLEM. WE BEGAN WITH HIS RECENT VISIT TO ATHENS. HE WAS VERY PLEASED THAT HIS MAIN PURPOSE OF ESTABLISHING A GOOD PERSONAL RELATIONSHIP WITH PAPANDREOU, WHOM HE HAD ONLY MET ONCE BEFORE, HAD BEEN ACHIEVED. HE THOUGHT THAT PAPANDREOU HAD WELCOMED HIS SPONTANEOUS STYLE COMPARED WITH KYPRIANOU (AS INDEED ANYONE WOULD EXCLAM). THEY HAD AGREED TO ESTABLISH A HOT LINE SO THAT THEY COULD CONSULT EACH OTHER FREELY WITHOUT VASSILIOU HAVING TO MAKE INCESSANT TRIPS TO ATHENS. HE HAD ALSO SUCCEEDED IN MAKING IT CLEAR THAT DECISIONS ON THE CYPRUS PROBLEM WOULD BE TAKEN IN NICOSIA. THIS WAS IMPORTANT TO ALLAY THE SUSPICIONS AROUSED HERE BY THE DAVOS PROCESS. NO DECISIONS ON THE SUBSTANCE OF THE CYPRUS PROBLEM HAD THEREFORE BEEN TAKEN IN ATHENS. BUT BOTH HE AND PAPANDREOU WERE CONCERNED THAT SO FAR OZAL HAD MADE NO RESPONSE TO THE GREEK PROPOSAL FOR DEMILITARISATION OF THE REPUBLIC. IF A FAVOURABLE RESPONSE WAS NOT FORTHCOMING BEFORE OR DURING OZAL'S VISIT TO ATHENS IN JUNE, THIS WOULD BE A SERIOUS SETBACK TO ALL HOPES OF PROGRESS ON THE CYPRUS PROBLEM.

2. VASSILIOU WAS OBVIOUSLY LOOKING FORWARD EAGERLY TO HIS MEETING WITH THE PRIME MINISTER NEXT WEEK. (IMMEDIATELY AFTER HIS ELECTION HE HAD TOLD ME THAT THE PROSPECT OF MEETING HER WAS

ONE OF THE THINGS HE WAS MOST LOOKING FORWARD TO.) HIS PURPOSE IN THIS MEETING WOULD BE TO PRESENT THE PRIME MINISTER WITH A BROAD PICTURE OF HIS POLICIES AND APPROACH ON THE CYPRUS PROBLEM, BOTH FOR ITS OWN SAKE BECAUSE OF THE ROLE THAT BRITAIN COULD PLAY, AND ALSO IN ORDER TO ENABLE THE PRIME MINISTER TO CONVEY SOME FIRST HAND IMPRESSION OF HIS APPROACH TO THE TURKS WHILE SHE WAS IN ANKARA. ALTHOUGH WE BOTH AGREED THAT THE PRESS WOULD INEVITABLY (AND INDEED HAVE ALREADY STARTED TO) LINK HIS MEETING WITH THE PRIME MINISTER TO HER VISIT TO ANKARA, VASSILIOU ASSURED ME THAT HE WOULD NOT MAKE THAT LINK HIMSELF IN HIS PUBLIC STATEMENTS, IN ORDER TO AVOID EMBARRASSING THE PRIME MINISTER WITH HER TURKISH HOSTS.

3. IT BECAME CLEAR THAT VASSILIOU'S MAIN PRIORITY WAS TO SECURE A MEETING WITH OZAL. HE WAS CONVINCED THAT IT WOULD BE FAR MORE PRODUCTIVE FOR HIM TO SEEK A BROAD UNDERSTANDING WITH OZAL (A PRACTICAL MAN LIKE HIMSELF) ABOUT TURKISH INTERESTS AND OBJECTIVES IN CYPRUS THAN TO START FIRST BY NEGOTIATING WITH DENKTASH. HE HAD NO INTEREST IN CAUSING DIFFICULTIES FOR OZAL ABOUT RECOGNITION OF HIMSELF AS THE PRESIDENT OF CYPRUS. HE WAS INTERESTED IN RESULTS, NOT PROPAGANDA SUCCESSES. THEY COULD HAVE A COMPLETELY UNOFFICIAL AND INFORMAL, AND EVEN SECRET, MEETING AT ANY CONVENIENT VENUE SUCH AS, FOR EXAMPLE, CLARIDGES.

4. HAVING CONSULTED CAMILION THE PREVIOUS DAY ABOUT THIS LINE, I THEN ARGUED THE CASE FOR VASSILIOU TO HAVE AN EARLY MEETING WITH DENKTASH, TO LAY THE BASIS FOR A DIALOGUE IN NICOSIA. A COMPLETE SOLUTION WOULD NOT COME FROM OUTSIDE THE ISLAND BUT ONLY THROUGH NEGOTIATIONS BETWEEN THE CYPRIOTS THEMSELVES. I THOUGHT THAT A DIALOGUE WOULD HAVE AT LEAST TO BE STARTED WITH DENKTASH BEFORE OZAL WOULD CONTEMPLATE A MEETING WITH VASSILIOU. AN EARLY MOVE TOWARDS DENKTASH WOULD HELP TO MAINTAIN THE FAVOURABLE INTERNATIONAL INTEREST WHICH VASSILIOU'S ELECTION HAD AROUSED AND WHICH MIGHT OTHERWISE FADE. IT WOULD GIVE HIM THE OPPORTUNITY TO EXPLORE WHETHER, IN THE LIGHT OF THE DAVOS PROCESS, THERE WAS NOW MORE FLEXIBILITY IN DENKTASH'S POSITIONS. IN REPLY VASSILIOU ACCEPTED READILY THAT SOONER OR LATER HE WOULD HAVE TO ENGAGE IN NEGOTIATIONS WITH DENKTASH. BUT HE WAS NOT READY YET, AND WANTED TO CREATE THE RIGHT CONDITIONS FIRST THROUGH A MEETING WITH OZAL. HE DID NOT WANT TO AROUSE FALSE EXPECTATIONS BY HAVING A MEETING WITH DENKTASH THAT WOULD LEAD NOWHERE. THE CONDITIONS OF EQUALITY WHICH DENKTASH HAD ATTACHED TO THE IDEA OF AN EARLY SOCIAL MEETING MADE IT DIFFICULT FOR HIM TO ACCEPT, BUT HE WOULD ALWAYS BE READY TO RECEIVE DENKTASH

IF THE LATTER WISHED TO COME TO THE PRESIDENTIAL PALACE (WHICH IS OF COURSE UNLIKELY).

5. MORE POSITIVELY, VASSILIOU SAID THAT HE WAS WORKING HARD WITH IACOVOU ON A PACKAGE OF GOODWILL OR RAPPROCHEMENT MEASURES, WHICH HE HOPED TO COMPLETE THIS WEEK, PUT THROUGH THE NATIONAL COUNCIL ON 28 MARCH AND DESCRIBE TO THE PRIME MINISTER AT THEIR MEETING. I MAY BE ABLE TO LEARN ABOUT THE CONTENTS OF THIS PACKAGE, AND THE PROCEDURE THROUGH WHICH IT IS INTENDED TO BE HANDLED, WHEN I SEE IACOVOU ON 28 MARCH.

6. INTERSPERSED IN ALL THIS WE HAD SOME DISCUSSION OF POINTS OF SUBSTANCE. VASSILIOU SHOWED HIMSELF FLEXIBLE ON FUTURE CONSTITUTIONAL ARRANGEMENTS, SAYING THAT HE DID NOT GIVE A DAMN ABOUT THE EXTENT OF FEDERAL POWERS. HE ALSO ASSURED ME THAT HE WAS READY TO BE PRACTICAL ABOUT THE APPLICATION OF THE THREE FREEDOMS. HE ACCEPTED THAT IMPLEMENTATION OF FREEDOM OF MOVEMENT WOULD HAVE TO BE GRADUAL. AS TO FREEDOM OF SETTLEMENT, HE ACCEPTED THAT THERE WOULD HAVE TO BE SOME REGULATION OF THIS, IN ACCORDANCE WITH THE 1977 HIGH-LEVEL AGREEMENT, IN ORDER TO SAFEGUARD THE TURKISH CYPRIOTS AGAINST BECOMING A MINORITY IN THEIR OWN ZONE. BUT HE WAS NOT READY TO CONTEMPLATE A DEGREE OF SEPARATION WITHIN THE ISLAND THAT WOULD BE INCOMPATIBLE WITH AN EVENTUAL MOVE FROM THE CUSTOMS UNION TOWARDS FULL MEMBERSHIP OF THE COMMUNITY. ON GUARANTEES HE TOOK THE REFRESHING LINE FOR A GREEK CYPRIOT LEADER THAT THE BEST SOLUTION WOULD BE TO HAVE NONE. HE DID NOT SEE THE NEED FOR ANY: MALTA, FOR EXAMPLE, HAD NONE. I WARNED HIM, OF COURSE, THAT I THOUGHT THE RETENTION OF TURKEY'S GUARANTEE UNDER THE 1960 TREATY WOULD BE A SINE QUANON FOR THE WITHDRAWAL OF TURKISH TROOPS.

7. I AM DEBRIEFING CAMILION.

WILBERFORCE

YYYY

CONFIDENTIAL

011055
MDHIAN 3164

DISTRIBUTION

128

MAIN 116

CYPRUS
LIMITED
SED
UND
LEGAL ADVISERS
DEFENCE
SEC POL D
WED
INFO
NAD
NEWS

PUSD
PLANNERS
SOVIET
PS/MRS CHALKER
PS/LORD GLENARTHUR
PS/MR EGGAR
PS/PUS
SIR J FRETWELL
MR BOYD
MR RATFORD
MR MUNRO

ADDITIONAL 12

CYPRUS

NNNN