



Foreign and Commonwealth Office

London SW1A 2AH

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29 March 1988

Dear Charles,

Prime Minister's Lunch with the President of Cyprus:
31 March

The Prime Minister is hosting a working lunch for the new President of Cyprus at 1245pm on Thursday, 31 March. President Vassiliou will be accompanied by his Foreign Minister, Iacovou, and by the Cypriot High Commissioner in London, Panayides. On our side, the Foreign Secretary will be present and John Wilberforce, the High Commissioner in Nicosia. Vassiliou has, however, asked for ten minutes alone with the Prime Minister, possibly after lunch.

The Foreign Secretary considers that the main purpose of the meeting should be to get to know Vassiliou; to assure Vassiliou of British interest in a Cyprus settlement and our willingness to help try to achieve it; and to encourage him to justify the hopes that his election has raised and show imagination and determination in the search for a solution of the Cyprus problem.

22 Six months ago, few people would have given George Vassiliou much chance of winning the Cypriot Presidency. His success has owed much to his own marketing skills in projecting an attractive "centrist" image without alienating his base of AKEL (Communist) support. In welcoming him, the Prime Minister might remark on the accusation made by Kyprianou in the dying days of the election campaign, that Britain supported Vassiliou. It is certainly true that we welcome his election; together with the recent improvement in Greek/Turkish relations and the appointment by the UN Secretary General of a new Special Representative (Oscar Camilion) it seems to offer a rare opportunity for progress towards a settlement. We believe the UN Secretary General should continue to take the lead in promoting a settlement, but we will do all we can to help.

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The Prime Minister might go on to invite Vassiliou to give his own views on the way ahead. In doing so, he is likely to refer to the Prime Minister's discussions with Ozal during her forthcoming visit to Turkey, when she has said she will raise the Cyprus issue. Vassiliou may ask her to press Ozal to agree to meet him. In reply, the Prime Minister might note that a meeting with Vassiliou has already been ruled out by Ozal, at any rate in advance of a meeting between Vassiliou and Denktash. The Prime Minister might express mild surprise that a self-proclaimed "practical man" like Vassiliou is backing such an obvious non-starter. He has already said he is interested in "meat" not "sauce". The "meat" of the Cyprus problem is the inter-communal relationship: it is this that he should be working on. The international issues, such as the presence of Turkish troops in Cyprus, will slot into place only after the inter-communal relationship has been put on a sounder footing. A Vassiliou/Ozal meeting will have to follow one between Vassiliou and Denktash; it is unrealistic to think that Ozal could or would cut Denktash off at the knees by agreeing to meet Vassiliou first. We continue to hope that it will be possible to find a basis for a meeting between Vassiliou and Denktash. We appreciate the need to avoid giving Denktash recognition; but could Vassiliou not respond to Denktash's suggestion of a preliminary discussion?

The Prime Minister might suggest that there are other more useful things she could say to Ozal on Cyprus. She could, for instance, encourage him to make a gesture by announcing a significant reduction in the number of Turkish troops or measures to control the number of Turkish settlers. She might also press him to declare publicly that he could envisage Turkey's legitimate interest in Cyprus - the security of the Turkish community - being met by a system of international guarantees, with only, say, 5,000 Turkish troops based on the island, together with an equivalent number of Greeks as part of the agreed settlement.

The Prime Minister might go on to ask Vassiliou whether he sees the best hope as being an overall package negotiated under UN auspices, or whether he believes a start should be made with inter-communal confidence building measures. How useful would a Turkish Cypriot offer to return Varosha be in getting a dialogue under way? How seriously has he considered concessions such as

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the reopening of Nicosia airport for use by both sides, or of Famagusta as a port for the whole island? Will he push through, in the teeth of Greek opposition, his own plans for a trilingual inter-communal university?

If Vassiliou raises the question of whether Turkey's EC application could be used as leverage, the Prime Minister might say that it would not be helpful to comment on that application until we have been able to study the Commission's opinion, but that we are sure that, when the time comes to take a decision, all relevant factors, Cyprus included, will be taken into account.

Vassiliou has publicly distanced himself from his Communist supporters on two major issues - the British bases (SBAs) and the EC/Cyprus relationship. The question of the bases, he has said, should be tackled only after a settlement of the Cyprus problem. He is unlikely to raise the issue but, if he does, the Prime Minister might stress their stabilising influence on the island, the logistical support they provide for the various UN peace-keeping forces in the Middle East and their clear position outside the NATO structure.

On EC/Cyprus, the Prime Minister might welcome the recent implementation of the customs union protocol as a major step in strengthening the EC/Cyprus relationship. If Vassiliou mentions the possibility of a referendum on the issue, the Prime Minister might say that, while this is obviously a matter for the Cypriot Government, we would hope that the result of any referendum would endorse what we understand to be Cyprus's wish for continued development of her close links with the Community.

The Prime Minister might also mention the UN Secretary General's current efforts to secure a switch in the funding of the UN force in Cyprus (UNFICYP) from voluntary to assessed contributions. The UK has little to gain financially from this change but we support the thinking behind it; the current basis for UNFICYP's financing is precarious and there is a risk that other troop contributors will follow the Swedish example and withdraw their contingents. It would be helpful if Vassiliou would support the switch publicly and also urge the waverers privately - the Soviet Union in particular - to go along with the Secretary General's proposal.

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There is one further point of which the Foreign Secretary wishes the Prime Minister to be aware, though he does not recommend that the Prime Minister should raise it herself: he will seek an opportunity to mention it to the Foreign Minister. This concerns the State Visit of the President of Turkey in July. As Dean of the Diplomatic Corps, the Cypriot High Commissioner will be invited to The Queen's State Banquet. He will also be the first Head of Mission presented to President Evren the following day. There has already been some speculation in the Cyprus press that Panayides will have a diplomatic illness and absent himself from both occasions. The Foreign Secretary will encourage Iacovou to instruct Panayides to fulfil his duties in the normal way, as Panayides has assured us he himself wishes, at least as far as the banquet is concerned. Although Cyprus does not have diplomatic relations with Turkey, Panayides will be invited to Buckingham Palace as the representative of the whole Diplomatic Corps, not just of Cyprus.

However,

(L Parker)
Private Secretary

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CYPRUS

RECENT BACKGROUND

THE EVENTS OF 1983

1. On 15 November 1983 the Turkish Cypriot "Assembly" issued a declaration purporting to establish an independent state in northern Cyprus. HMG considered this action incompatible with the 1960 Treaties, and likely to raise tension on the island. Against this background, Britain drafted and secured the adoption of UN Security Council Resolution 541, which deplored the action and declared it legally invalid. It called on the UN Secretary General to continue his efforts to reach a settlement in Cyprus through his mission of good offices. Turkey is the only state to recognise the "Turkish Republic of Northern Cyprus".

2. Following this Turkish Cypriot action, Sir Geoffrey Howe proposed to his Turkish and Greek colleagues joint consultations under the 1960 Treaty of Guarantee, of which the United Kingdom, Greece and Turkey are co-signatories. The Turkish Government agreed to consultations but the Greek Government declined to participate in the circumstances then prevailing.

HMG'S ATTITUDE TO THE "TRNC"

3. Britain, in common with the rest of the international community apart from Turkey, does not recognise any state in Cyprus other than the Republic of Cyprus, now headed by President Vassiliou. However, this does not affect our acknowledgement of the interests and aspirations of the Turkish Cypriot community. Thus, through our High Commission in Nicosia, we maintain a dialogue with their leaders about the search for a settlement in Cyprus. We trade normally with them and try to see that they benefit from aid we give Cyprus. We also discuss with Turkish Cypriot leaders matters affecting British interests, eg claims.

CURRENT UN INITIATIVE

4. In August 1984 the UN Secretary General launched a new initiative to lay the framework for a unified federal Cyprus. After three rounds of proximity talks, a face-to-face high level meeting under the Secretary General's auspices (17-20 January 1985) took place but ended without agreement.

5. In April 1985 the Secretary General presented a second set of proposals but these, too, failed to gain the endorsement of both sides. There were parliamentary elections in both communities in 1985. Those on the Greek Cypriot side considerably strengthened the position of the then President Kyprianou.

6. The UN Secretary General presented his (third) set of proposals for a unified federal Cyprus in March 1986. The proposals were accepted by the Turkish side but not by the Greek, who instead proposed either a high level meeting or an international conference to discuss the outstanding issues of troop withdrawals, guarantees and "three freedoms" of movement, property and settlement by Greek Cypriots. This approach was rejected by the Turkish Cypriot side. Since then there has been no substantive progress in the Secretary General's initiative, partly because the approach to the presidential election in the Republic of Cyprus in February 1988 absorbed much of the political energy there.

AFTER THE GREEK CYPRIOT ELECTION

7. Mr George Vassiliou, an independent who contested the elections on 14 and 21 February with the backing of the AKEL (Communist) party, assumed office as President of the Republic on 28 February. We hope that the window of opportunity which has now opened following this and the improvement in relations between Greece and Turkey since the Davos and Brussels summits will allow the Secretary General once more to make progress. He appointed a new permanent Special Representative for Cyprus, an Argentine, Mr Oscar Camilion, late last year. Mr Camilion held initial consultations with the parties in Cyprus and the Turkish and Greek Governments at the end

of the year. But his mission can only be said to have begun effectively with his return to Cyprus on 29 February, to take up permanent residence there (following the completion of the Greek Cypriot Presidential election on 21 February). He has already met both President Vassiliou and Mr Denktash at least twice and is trying to find a basis for them to meet without pre-conditions for an initial dialogue.

GREEK CYPRIOT AND TURKISH CYPRIOT POSITIONS

8. During his election campaign Mr Vassiliou promised a more flexible approach to the search for a solution to the Cyprus problem than that of his predecessor, Mr Kyprianou. But he has been cautious in his public statements since assuming office. In his inaugural address on 28 February he sketched out a less compromising position than expected. Mr Vassiliou blamed Turkish Cypriot intransigence for the current deadlock in the Secretary-General's initiative. But he insisted that acceptance by Mr Denktash of Greek Cypriot priorities (withdrawal of Turkish troops, safeguarding of the "three freedoms", and the securing of international guarantees to exclude the right of unilateral intervention) were a pre-requisite for negotiation. He also called then - and several times since - for a personal meeting with the Prime Minister of Turkey, Mr Ozal (an appeal the Turks have rejected, and seem likely to continue to reject, on the grounds that Mr Vassiliou should be talking to Mr Denktash) and for an international conference within the UN framework. This approach seems unlikely to entice Mr Denktash forward, but Mr Vassiliou may be more forthcoming in private.

9. For his part, Mr Denktash has said in public that he is only prepared to meet Mr Vassiliou on the basis of their both being heads of state. This is a condition that Mr Vassiliou has found impossible to accept. Mr Denktash has said that the way forward for Mr Camilion is to return to the March 1986 proposals, which the Turkish Cypriots accept but which the Greek Cypriots do not; that the Turkish Cypriots cannot make any further concessions beyond those they made in accepting the March '86 document; and that this constitutes a package which the Greek Cypriots should accept in

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total. Mr Denktash maintained the pressure by issuing on 3 March proposals for a series of "confidence-building measures" (formation of a committee to explore suggestions for inter-communal co-operation; increased co-operation over sport, cultural contacts and fighting drug-trafficking). These measures would, however, be conditional on the Greek Cypriots ending their cultural and economic boycott of northern Cyprus. (N.B. the Government of the Republic have always denied that their international pressure in those fields, with the aim of bringing the Turkish Cypriots to heel, constitutes a boycott.)

10. Mr Camilion will have to exercise great finesse if he is to bring off a Vassiliou/Denktash meeting. At present it seems unlikely that President Vassiliou will back off from his insistence that he is the elected President of the only internationally recognised government in Cyprus and, as such, cannot enter a meeting with Mr Denktash with parity of designation. Any concessions on this point may have to come from Mr Denktash. It is possible that he would bow to pressure from Turkey and elsewhere on this point. but it is not clear that the Turks are at present in a mood to apply it.

11. In the dialogue begun at Davos at the end of January and continued in Brussels in early March, the Turkish and Greek Prime Ministers have not so far discussed Cyprus substantively (although they have dealt with the missing persons issue). Mr Ozal has, however, said that Cyprus will be on the agenda when he next meets Mr Papandreou (during Mr Ozal's first visit to Athens in June). It is not clear how far the improvement in Greek/Turkish relations will have a knock-on effect over Cyprus. Both Mr Papandreou and Mr Ozal have said the Cyprus problem is essentially one for the two communities there to solve. But Greece and Turkey have much influence over them. Turkish leverage over Mr Denktash could be considerable if Mr Ozal decides to apply some.

BRITISH ACTION IN SUPPORT OF UN INITIATIVE

12. Britain has actively supported the Secretary General's efforts and considers him best placed to achieve progress. The Prime

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Minister met him most recently in London in May last year and the Secretary of State saw him in September while in New York. We remain in close and frequent touch with him. In full consultation with Sr Perez de Cuellar, we have also been in contact with all the parties involved throughout his initiative. We have impressed upon them the need to cooperate with the Secretary General and to show the flexibility which is necessary if progress is to be made. The Prime Minister had discussions with the then President Kyprianou, during the Commonwealth Heads of Government Meeting in October 1987. The Prime Minister discussed Cyprus with Mr Ozal during his visit to London in February 1986 and has said she will do so again during her visit to Turkey in April; and has agreed to see Mr Vassiliou in London, at his request, on 31 March. The Foreign Secretary discussed Cyprus with the Cyprus Foreign Minister in March 1987, and with the Turkish Foreign Minister during his visit to the UK in July 1987. He also had a meeting with Mr Camilion on 26 February before the latter took up residence in Cyprus. In addition we have had contacts with the then President Kyprianou and Mr Denktash through the British High Commission in Nicosia and with the Greek and Turkish Governments through the Ambassadors in Athens and in Ankara. Mr Denktash is in London at present and will speak at a Round Table Conference on northern Cyprus on 29 March organised by the all-party Parliamentary "Friends of Turkish Cyprus".

13. Our aim is to see a peaceful, just and lasting settlement to the Cyprus problem. We consider it most important that no action is taken in any quarter which might exacerbate the situation on the island or cut across the Secretary General's initiative. We hope that, with the Presidential election in Cyprus no longer diverting attention, the UN Secretary General will be able to make substantive progress in his mission of good offices. As the Foreign Secretary told Mr Camilion on 26 February, we will continue to do what we can to help. We believe that an early meeting between President Vassiliou and Mr Denktash is necessary as a first step towards making progress over Cyprus.

Southern European Department
Foreign and Commonwealth Office
24 March 1988

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