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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 March 1988

**PRIME MINISTER'S MEETING WITH
THE PRESIDENT OF CYPRUS**

At President Vassiliou's request, he and the Prime Minister had a few moments alone at the end of their talk today. The purpose of this was for President Vassiliou to tell the Prime Minister that, so long as he remained President, the Sovereign bases were absolutely safe and could remain.

I am copying this letter to Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

C D POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

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10 DOWNING STREET
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From the Private Secretary

31 March 1988

Dear Lynn,

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF CYPRUS

The Prime Minister had a talk followed by a working lunch today with the new President of Cyprus. President Vassiliou was accompanied by his Foreign Minister and the Cyprus High Commissioner. The Foreign Secretary and our High Commissioner in Nicosia were also present.

The Prime Minister congratulated President Vassiliou on his election. President Vassiliou said that he looked forward to a very close relationship with Britain, based on regular, frank and friendly exchanges. Friendship for Britain ran deep in Cyprus and even in the dark days of EOKA you would not have found many Cypriots who harboured hard feelings towards Britain. He particularly valued the personal role which the Prime Minister could play in the search for a solution to the Cyprus problem.

The President went on to set out his approach to the Cyprus problem. He was a practical man and wanted to make progress rapidly. He had told the press that he would like to see a solution this year. It would be easier this year than next year: and much easier this year than in two years time. To the outside world it might look as though the Cyprus problem was quiescent. But there was an underlying tension and confrontation which could break out at any time. However, improvement in relations between Greece and Turkey following the Davos meeting was a new factor. He had been the first in Cyprus to greet the spirit of Davos as a positive step. He did not think that reconciliation between Greece and Turkey would be at the expense of Cyprus. On the contrary, Davos should help.

President Vassiliou continued that the key to solving the problem of Cyprus was the withdrawal of Turkish troops and demilitarisation. Papandreou had told Ozal this at Davos. Ozal had not reacted negatively, indeed he had given the impression of being ready to consider the proposition seriously. He was due to give an answer at the next meeting in Athens in June. If Ozal were to accept the proposition and go to that meeting with a timetable, there would be a dramatic improvement in Greek/Turkish relations and the Cyprus problem

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would be well on the way to a solution. On the other hand, if he turned it down everything - both the new spirit in Greek/Turkish relations and the prospects for Cyprus - would be in jeopardy. Indeed, Papandreou had said that the June meeting might not even take place at all if he received the wrong signals from Ankara on this point. It was an illusion to think that Greek/Turkish relations could improve without a solution to the Cyprus problem. There was political consensus on this point in Greece.

President Vassiliou said that he had been asked what his aims were. He did not want Enosis and never had. He was a strong supporter of the concept of a truly independent Cyprus. He recognised that, realistically, there would have to be a federal structure. The chance of creating an integrated state of Cyprus had been missed. But it had to be a real federation, not just a cover for the continuation of two independent states. He would never accept partition. People in Cyprus must have the right to move around freely and live and work wherever they wanted. If the principles of a settlement, including demilitarisation and the basic freedoms could be agreed, the details could be wrapped up in a couple of months of negotiations.

The Prime Minister thanked President Vassiliou for his clear statement. We agreed that there must be a unified state of Cyprus and would not recognise an independent Turkish-Cypriot State. We believed that there would have to be a federal structure. We were pleased that Greece and Turkey had drawn closer and agreed that this provided a new opportunity for progress towards a settlement. What concerned her most about President Vassiliou's opening remarks was when he said that the key was the withdrawal of Turkish troops. If he started to set pre-conditions at this early stage, there would be no solution. As a practical man he should recognise that the real key was the willingness of the two communities in Cyprus to negotiate directly with each other, which meant an early meeting between President Vassiliou and Mr Denktash. President Vassiliou said that he should have been more precise. The key was to admit the principle of Turkish troop withdrawals. He was not expecting such withdrawals to take place before negotiations actually began. But there must be a commitment that they would go once a solution was reached. The problem was that the Turkish position on troop withdrawals had hardened very significantly since 1983.

The Prime Minister continued that she had learned in politics that it was a great mistake to lay down absolute conditions at the beginning of any negotiation, or to make one point the key to all the rest. The right way forward lay in a commitment to negotiation between the two communities under the auspices of the UN Secretary General. Such negotiations should get down to detail on all the main issues as rapidly as possible, with agreement in any one area being confirmed only when agreement was achieved in all others. But it was only sensible to recognise that implementation of an agreement would have to be phased over many years. President Vassiliou had the great advantage of being new and he should make the

most of this in his early months. He should be prepared to make some goodwill gesture to increase the confidence of the Turkish/Cypriots. That might stimulate the Turkish government into similar goodwill gestures.

Mr. Iacovu said that there had never been any problem on the Cypriot side about negotiating in parallel on all the issues. The trouble lay with the Turkish Cypriots who simply refused to discuss some points. There followed a lengthy recitation of the various obstacles which the Turkish-Cypriots and the Turkish government had continually put in the way of progress in recent years. President Vassiliou returned to the point of Turkish troop withdrawals. It was not a question of their military importance but of their psychological effect. Cyprus must find its own salvation. It would never do this while each community relied on its parent country. Once Greek and Turkish troops were withdrawn the whole climate would improve. The Prime Minister said that history could not just be ignored. The Turkish-Cypriots needed reassurance and guarantees. She was sorry to hear Mr. Iacovu retreating to the old battle lines. It was no good rehashing what had gone wrong in the past. Now was the moment to take advantage of the improved relations between Greece and Turkey and President Vassiliou's own newness to make a fresh start.

President Vassiliou said that one had to decide where Turkey saw its future. If it really wished to become part of Europe and was prepared to take the necessary steps in terms of democracy and human rights, then a solution to the Cyprus problem could probably be found. If instead Turkey's aim was to become a modern Ottoman state, then it would always insist on a military presence in Cyprus. This was a basic political decision for Mr. Ozal to make. The withdrawal of 5,000 Turkish troops was neither here nor there. The point was that there was a military occupation in north Cyprus and the Cypriots needed to know whether Turkey was in principle ready to withdraw.

The Prime Minister reverted to her contention that the first step must be contacts between President Vassiliou and Mr. Denktash. President Vassiliou said that he favoured such contacts. He was certainly not against meeting Denktash. Indeed, his aim was high-level negotiations in Cyprus itself, based on contacts between himself and Denktash. What he wanted to avoid was negotiations just for the sake of negotiations. Moreover, he doubted whether Denktash was yet ready for a meeting. He had put up various unnecessary obstacles such as saying that he would only meet Vassiliou in his capacity as leader of the Greek-Cypriot community. The Prime Minister commented that a meeting between the President and Denktash must be thoroughly prepared. President Vassiliou agreed.

President Vassiliou continued that he was working on confidence-building measures which could be implemented on the day on which negotiations started. (He rather skated over the details but definitely did not mention Nicosia airport or Famagusta harbour.) He was keen to get widespread

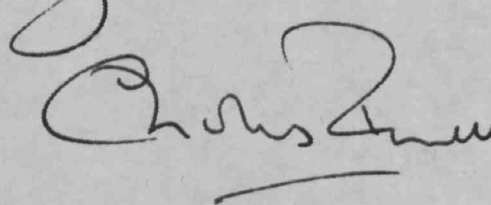
acceptance for them in the Council which he had established, even though there might not be unanimity. But he needed a little more time. The Council would meet again on his return. It would be helpful if Turkey would also make some goodwill gestures. He was keen to meet Ozal. He would be prepared for this to be a secret meeting or just a chance encounter. The Prime Minister said there was no such thing as a secret meeting. In any event Ozal would insist that Vassiliou met Denktash first. President Vassiliou said that was already his aim. He would be happy to see Denktash first if he could get to see Ozal afterwards. He hoped the Prime Minister would convey to Ozal a message of his readiness to negotiate.

The Prime Minister asked when President Vassiliou would be meeting the United-Nations Secretary-General. The President said that the next natural opportunity would come in June, unless Perez de Cuellar suggested an earlier meeting.

Summing up the discussion, President Vassiliou said that he realised people expected a great deal of him. He would do his best to meet their expectations. He came back again to the importance of the forthcoming meeting between Ozal and Papandreou. The Prime Minister said that she would be discussing all these issues with Mr. Ozal. She was convinced of the need for a pragmatic approach starting with contacts between the two communities in Cyprus and avoiding any pre-conditions.

In conclusion the press release enclosed with this letter was agreed.

I am copying this letter to Brian Hawtin (Ministry of Defence), Alex Allan (H.M. Treasury) and Trevor Woolley (Cabinet Office).

Yours sincerely,


C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office