

SUBJECT CC MASTER



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From the Private Secretary

4 October 1988

Dear Lyn,

PRIME MINISTER'S MEETING WITH PRESIDENT VASSILIOU

The Prime Minister had a talk over lunch today with President Vassiliou of Cyprus. The President was accompanied by his Foreign Minister and the Cyprus High Commissioner in London. The Foreign and Commonwealth Secretary and our High Commissioner in Nicosia were also present. President Vassiliou seemed in buoyant mood, but down-to-earth about the prospects of progress in his talks with Mr. Denktash.

After congratulating the Prime Minister on her Bruges speech, President Vassiliou gave an account of his meetings with Mr. Denktash. He had approached them realistically and had been determined not to be provoked. There had been two positive aspects. For the first time they were actually talking about substance; and the atmosphere was relatively friendly. The latter was mainly the result of his own efforts to avoid confrontation. He had also refused to get drawn into metaphysical discussion of terms like bi-zonality and devolution.

In response to the Prime Minister's question whether Mr. Denktash really wanted a settlement, President Vassiliou commented that Mr. Denktash's whole attitude was out of tune with today's world. He and his advisers were stuck in a 1950s time warp. He dreamed of a secluded, racially-pure Turkish Cypriot state in loose association with a larger Cyprus, with the results of the Turkish invasion legitimised. As an example of Mr. Denktash's lack of realism, President Vassiliou cited refusal to recognise individual property rights. He would never be able to gain acceptance among Greek Cypriots for a settlement which denied people the right to their property.

President Vassiliou continued that so far Denktash was only discussing for the sake of discussing. His positions were so extreme that they could not be serious. He did not want a settlement and would negotiate seriously only if the Turks made him do so. In this he was probably out of tune

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with a majority of Turkish Cypriots who were more supportive of negotiations. He was constantly concerned to limit contact between Turkish Cypriots and the outside world for fear that they might be influenced to adopt more enlightened views.

Looking to the future, President Vassiliou said that if Mr. Denktash continued in his present vein at their next meetings, there would be little point in continuing the discussions. The best course might then be to suspend talks for a month or two to give time for Turkey to bring pressure on Denktash to change his attitude. If after that period there was no progress, then it would be better to come clean and say there was no chance of settlement. But there were signs that Mr. Denktash was genuinely afraid of being pushed by the Turks and this provided some hope. The Prime Minister said that she supported the President's general approach. He should go on and on repeating the same points about his willingness to reach a settlement and the safeguards he was prepared to offer. If he did not succeed, the world would be in no doubt that he had tried and who was to blame for failure. At some point she would be ready to send a further message to Mr. Ozal, but it would be important to get the timing right. Too many messages would reduce their impact. President Vassiliou said he would welcome further action by the Prime Minister with the Turkish Government. Her earlier intervention had been largely instrumental in getting discussions with Denktash started. The message might be that she was happy that discussions were in progress but worried by the lack of movement. He had no very strong feelings about the timing, but would not dissent from the Prime Minister's conclusion that she should keep the message until it became clear that deadlock had been reached in the bilateral discussions.

President Vassiliou sought the Prime Minister's advice on the question of an application by Cyprus for membership of the European Community. Cyprus' membership would have no significant economic cost for the Community. The difficult points had already been settled in the negotiations on Customs Union. But it would of course raise important political issues. He would not like to proceed without the support of the United Kingdom and other major member states. The question was whether an application for membership would actually help in negotiations on the Cyprus problem. There could also be a useful interplay between some of the issues which would arise in the context of Community membership, such as free movement of persons and capital, and those which were proving difficult in the negotiations between Greek and Turkish Cypriots.

The Prime Minister said that her instinct was that an application should follow agreement on a unified Cyprus rather than precede it. Otherwise there could be difficult cross-currents in relation to the Turkish application, affecting Turkey's attitudes to a settlement. She could understand the President's wish to reconnoitre the likely reactions of other member states, and make an assessment of the chances of an eventual application succeeding. We were

not hostile to the notion of Cyprus' membership as such. Our doubts related more to the tactical wisdom of applying now and to the likely reactions of others. Even if an application were made now, she doubted whether any action would be taken on it until there had been major progress towards settlement of the political problem.

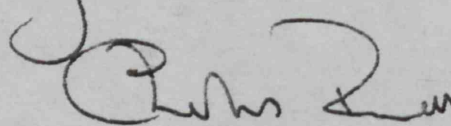
President Vassiliou did not seem particularly disconcerted by this response. He commented that he saw an application for membership as part of the overall solution to the Cyprus problem. It would help create a feeling of security in both parts of Cyprus. When agreement had been reached on everything else, membership of the Community would set the seal on it. But it would be reassuring to know in advance that the objective of membership could be achieved.

It was agreed that President Vassiliou would continue to keep our High Commissioner informed of progress in his discussions with Denktash and that he and the Prime Minister would meet again around the time of the proposed talks in New York in November.

After the meeting, the Prime Minister commented that our absolute priority must be to protect the SBAs. That meant that we should not make ourselves appear as in any way the major obstacle in the way of a Cyprus application to the European Community. She would like to send a message to President Vassiliou following up their talk, praising him for the way in which he was conducting the discussions and setting out clearly our position on an EC application. I should be grateful for an early draft.

The President also said that he would very much welcome a chance to talk to Conservative backbenchers who were supporters of the TRNC. You will wish to consider how such a meeting could be arranged.

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

*Your sincerely,*  


C. D. POWELL

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Foreign and Commonwealth Office.