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From the Private Secretary

25 November 1988

Dear Lynn,

PRIME MINISTER'S MEETING WITH PRESIDENT VASSILIOU OF CYPRUS

The Prime Minister saw President Vassiliou for an hour this morning. The President was accompanied by the Cyprus Foreign Minister and the Cyprus High Commissioner. Our High Commissioner in Nicosia was also present.

President Vassiliou gave an account of events since his last meeting with the Prime Minister in October. There had been further discussions with Denktash in Nicosia. These had developed a reasonably good personal chemistry, but the overall positions of the two sides had remained very far apart. He (Vassiliou) had tried to discuss practical issues, but Denktash would not even accept the validity of basic rights, such as the right to property. It was against this background that the two sides had met earlier this week in New York with the United Nations Secretary General. Perez de Cuellar had understood that the time was not right for a real brain-storming session, and had therefore envisaged a mainly procedural meeting, with the objective of achieving agreement to continuing discussions. Despite this, Denktash had chosen to produce without warning various proposals for a solution to the Cyprus problem, which he claimed had the full backing of the Turkish Government. On most of the key issues his proposals were a step backwards not forwards.

President Vassiliou continued that he had been taken aback, indeed shocked, by Denktash's tactics and had been close to walking out. But he had understood that Denktash had been trying to provoke him. After consultation with the UN Secretary General, he had decided to confirm his acceptance of further talks in Cyprus. Denktash's proposals were non-papers with no privileged status in the further discussions, although the Turkish Cypriots were of course at liberty to refer to them. The meetings in Cyprus would resume on 19 December. Their remit was to develop a wide range of options on each major issue in preparation for the further session in New York in March, which would try to distil the elements of a solution. He stressed that both sides were firmly committed to this procedure. He hoped it would lead to a genuinely

open-minded discussion, with each side at liberty to put forward proposals without attribution. But goodwill would be needed for there to be progress and at present that did not exist.

President Vassiliou then handed over a clutch of papers (enclosed). These comprised both papers resulting from the recent meeting in New York and a note prepared by the Greek Cypriots setting out their own positions on the main issues and their perception of Turkish Cypriot positions. They illustrated very well how retrograde many of the Turkish Cypriot proposals were. For instance, while claiming to accept the principle of property and other rights, the Turkish Cypriots proposed that they would only actually operate 18 years after an agreement and even then they would be regulated. It was hard to see how progress could be made in the light of these positions. At bottom, he was convinced that Denktash was only really interested in partition.

The Prime Minister said that President Vassiliou deserved the credit for creating a good atmosphere for the discussions and for showing great good faith. She could understand very well that he had been taken aback by the Turkish Cypriot tactics in New York. But he had done extremely well not to allow himself to be provoked. It was very important that he should not put himself in the wrong. It must have taken enormous self-control. The fact that Denktash had made proposals was something of a triumph for President Vassiliou. It showed that he had impressed the Turkish Government. They were testing him and he had come through. He must now test them. The way to do this was to take the positive aspects of Denktash's proposals such as the recognition that there could be troop reductions and link them with acceptance of points of particular importance to the Greek Cypriots, notably the Three Freedoms. She thought President Vassiliou had done very well and should now exploit his advantage.

President Vassiliou said that he recognised that Denktash's proposal for a balance of forces prior to the establishment of a transitional government was a step forward. The Turkish Cypriots had also conceded for the first time that guarantees could be negotiated. But ninety per cent of their proposals were unacceptable. He was grateful for the Prime Minister's kind remarks and thought that she was right about the impression he had made on Ankara. But it only confirmed him in his belief that he needed to negotiate directly with the Turkish Government. If only he could spend two days alone with them at Chequers or some remote hotel in Scotland, a solution could be found. The Prime Minister interjected that this was not realistic. Nor would the Turks ever agree to the withdrawal of all Turkish troops. President Vassiliou said that he was following a two-track strategy. He was negotiating with the Turkish Cypriots but at the same time building up the defensive capabilities of the Greek Cypriots. The purpose of this was to increase the stakes and demonstrate to the Turks that an attempt to take over the whole island would be far from a walk-over. It would involve a campaign of possibly ten days. At the same time, he continued to believe

that the best guarantee for Turkey's security was to have the island demilitarised altogether.

The Prime Minister said that at least the Turkish Cypriots and the Turkish Government were now interested in negotiating and that was a victory for President Vassiliou. She could understand that he recoiled from most of their proposals, while recognising that they represented some progress. The task now was for the Greek Cypriots to develop options and show that they had fresh proposals of their own to make. As she had suggested earlier, these should build on the signs of change in the Turkish Cypriot position on the balance of forces in order to secure concessions from them on the Three Freedoms. President Vassiliou accepted that but added that he hoped the Prime Minister would urge the Turkish Government to move Denktash away from the concept of partition and towards acceptance of a unified state. The Prime Minister said that she understood President Vassiliou's need to get his views across in Ankara. President Vassiliou said that it was not so much a question of getting his views across, but of the Prime Minister making clear how strongly she felt about these issues. The Prime Minister said that she would be ready to send a message to Mr. Ozal setting out her reflections on the stage now reached. President Vassiliou said that he remained convinced that Denktash wanted disguised partition, without a functioning federal structure. The fact that Denktash had committed his proposals to paper could be useful in future, because they were clear evidence of his intransigence. There was another point: he feared that the Turks would interpret the gathering political crisis in Greece as relieving them of the need to make concessions over Cyprus. This was a miscalculation. All the parties in Greece were united on Cyprus. The point might be covered also in any message which the Prime Minister sent.

President Vassiliou thanked the Prime Minister for raising the Cyprus issue with Vice-President Bush. He had talked to Mr. Bush on the telephone while he was in New York and the Vice-President had mentioned the Prime Minister's comments on Cyprus and the Middle East. He hoped that the new Administration would issue a statement early in their term of office saying that they were looking for real progress in the Cyprus negotiations.

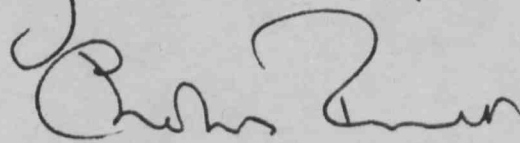
President Vassiliou said that he could assure the Prime Minister that there would be no problems over the Sovereign Base Areas. But there was a difficulty over the use of the Agamos (I am not sure of the spelling) military training area. There were a lot of protests from environmentalists and he hoped the British Government could find a way to carry out bombing practice elsewhere. It would be best if this came as an initiative from the British side rather than as a response to a Cypriot request. The Prime Minister said that we would look at the problem.

The Prime Minister referred with approval to the good co-operation between Britain and Cyprus against terrorism.

The Prime Minister concluded by again congratulating President Vassiliou on his steadiness and encouraging him to come forward with proposals of his own in the next phase of discussions. Meanwhile she would send a message to Mr. Ozal.

I shall be grateful if you could let me have a draft message to Mr. Ozal next week.

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

Yours sincerely,  


(C.D. POWELL)

Lyn Parker, Esq.,  
Foreign and Commonwealth Office.

SECRET

The following are the main points raised during the discussions held at high level on 17th, 18th, 24th and 25th October

Greek Cypriot Position

Turkish Cypriot Position

A. FREEDOMS

1. Freedom of Movement

We consider that this freedom must be enjoyed without constraints or limitations by all the citizens of Cyprus over the whole of its territory.

The Turkish Cypriot side was prepared to recognise this freedom, given that questions relating to the other two freedoms had been resolved, but insisted on extensive regulation through controls, entry points and checking of entrants against lists of "undesireables". Later it modified its position to eliminate checkpoints and lists and proposed limited regulation by regional police forces in an unspecified manner

2. Right to Property

From the discussion it is obvious that the recognition of the right to property is a crucial element for arriving at a negotiated settlement. Our position is that all Cypriot citizens Greek or Turkish, retain full property rights anywhere on the island. It is recognised that in relation to the exercise of the right to property, by some of the Greek Cypriot displaced persons, practical difficulties may arise. It is imperative to urgently discuss these difficulties with a view to overcoming them.

The right to property is recognised only for the purpose of paying compensation to those forcibly deprived of their properties. Greek Cypriot displaced persons are alleged not to have properties to return to while Turkish Cypriots who moved after 1974 are assumed to have abandoned their property rights in exchange for Greek Cypriot properties which were allocated to them.

Greek Cypriot Position

Turkish Cypriot Position

After the solution of the problem of Greek Cypriot displaced persons:

No limitations to be placed on the acquisition of property by all citizens anywhere on the territory of the Republic.

The acquisition of property should not be free for Greek Cypriots in the Turkish administered area, but to be regulated by the regional authorities.

3. Freedom of settlement for displaced persons

The freedom of settlement includes the right of Greek Cypriot displaced persons to voluntarily return to their homes and properties and this right must be safeguarded. It is recognised that in relation to the exercise of the freedom of settlement by some of the Greek Cypriot displaced persons practical difficulties may arise. It is imperative to urgently discuss the difficulties with a view to overcoming them.

No right of return for displaced persons recognised (mainly in view of the Turkish Cypriot side's attitude on right to property).

After the solution of the problem of Greek Cypriot displaced persons

Freedom of settlement should be unrestricted for all citizens over the whole territory of Cyprus.

A general freedom of settlement is stated to be accepted but subject to regulation by regional authorities under vague and discriminatory criteria.

## Greek Cypriot Position

## Turkish Cypriot Position

### B. DEMILITARISATION

Demilitarisation involves the withdrawal of all non-Cypriot military forces and elements, including settlers, and the complete disbandment of all Cypriot forces which should be completed before the establishment of a federal government or of a transitional government.

Demilitarisation to be continuously monitored by a United Nations presence with suitable mandate. A United Nations controlled police force to take control of agreed aspects of internal security for as long as the two sides feel its presence is necessary.

Demilitarisation in the Turkish Cypriot view could be considered if desired by the Greek Cypriot side but it would only involve the disbanding of Cypriot military forces. They insist on the presence on the island of Turkish troops and therefore accept the presence of troops from Greece.

The Greek Cypriot view that security would be ensured by the regional police forces and an enlarged UN presence with a new mandate is not accepted because of lack of confidence in a UN force.

### C. GUARANTEES

Any guarantees should be multilateral, not giving right of intervention to any country. They should be in accord with the provisions of the United Nations Charter. Their scope is the guarantee of the independence, sovereignty, territorial integrity and non-alignment of the Republic against union in whole or in part with any other country and against any form of partition or secession.

The continuation of the existing Treaty of Guarantee. (The Turkish side wrongly claims that the Treaty of Guarantee gives Turkey the right to station forces on Cyprus ostensibly for protecting the Turkish Cypriots.)

The phrase "guarantee of Turkey" is used not in the context of a Treaty but as the presence of Turkish troops on the territory of the Republic for protecting Turkish Cypriots.

### Communiqué

On 22 and 23 November the Secretary-General met with the leaders of the two sides in Cyprus. They had a useful discussion about the process which began in Geneva last August. The two leaders reaffirmed their commitment to what they had agreed to in Geneva and to pursue this effort with goodwill and determination. They agreed that the first round of discussions had proven helpful in building a good working relationship and in clarifying many of the issues and difficulties facing the two sides.

The two leaders agreed with the Secretary-General's suggestion that the second round of talks be devoted to exploring, without prejudice to the positions of either side, a wide range of options for each of the issues that make up the Cyprus problem and to evaluating them in the light of the interests and concerns of both sides. It was agreed that the second round of talks would begin in Nicosia on 19 December. The two leaders accepted the Secretary-General's invitation to meet with him again during the first half of March to launch the next phase on the basis of what will have been achieved by then.



OPENING STATEMENT BY THE SECRETARY-GENERAL

Tuesday, 22 November 1988, 4:00 pm

I am pleased to welcome you to the United Nations Headquarters in New York. As we had decided during our luncheon in Geneva, we are meeting to review the first round of talks and to agree on the procedure and programme for what is to follow.

Your agreement last August to meet without any pre-conditions and to attempt to achieve by 1 June 1989 a negotiated settlement of all aspects of the Cyprus problem has raised great expectations not only in Cyprus but also in the international community that a solution, through your leadership and determination, may at long last be within reach. No one thought that it would be easy. We all knew that it would require statesmanship of a high order to move beyond past positions, and that a forward looking approach would be necessary to bridge the differences that exist.

When you both decided that the success of this effort required your personal and continuous involvement and that you would therefore meet on a regular basis, it was widely believed that there was good reason to be hopeful - all the more so since this was taking place at a time when international conditions have shown that it is possible to overcome conflicts that are no less intractable than the Cyprus problem.

Over the past two months you have met for nearly forty hours to exchange views on a wide range of issues. This represents an important new development. It is the first time in the past quarter century that the leaders of the two communities have made such a sustained effort to work toward a solution.

Indeed, it has been widely noticed that you have developed a remarkable working relationship and that in the talks you have, in a friendly and businesslike manner, readily communicated about the most difficult issues. The significance of this development must not be underestimated. It provides the foundation on which effective negotiations can be built.

While the first round of talks has been useful for the reasons I have just mentioned and has resulted in clarifying some of your views, it has also revealed that the positions of the two sides remain far apart. My assessment of these discussions leads me to conclude that, on the basis of your current positions, there is yet more work to do before negotiations can move on to a plane that will ensure the success we all seek.

This implies a redoubling of efforts to bring forth the vision that is required. We have made a good beginning yet there is still need to develop a common understanding - I repeat, a common understanding - of the elements that are central to an overall settlement. As you will recall, we had agreed that this would be our first objective.

In Geneva we decided to attempt to achieve a negotiated settlement by 1 June 1989. This should remain our goal. It is therefore important that we move forward to negotiations with a sense of urgency. The question facing us is how to proceed in order to better ensure that these negotiations will be expeditious and effective.

We must find solutions that meet and reconcile the variety of interests, concerns, hopes and fears of each community. In my view, this requires, at this stage, a willingness to explore, a need to create, in a totally non-committal manner, a wide range of hypothetical options and variables and to evaluate them against the interests underlying the views expressed during the first round of talks.

I would therefore ask you, without prejudice to the positions of either side, to devote the second round of talks to creating a wide range of options for the various issues that make up the Cyprus problem. This should be done in a totally non-committal manner. I am confident that such an effort can yield a rich array of possibilities which will be useful, indeed I believe indispensable, for succeeding during the following round in devising the best solutions for an overall settlement. Let us commence this work while you are still in New York and continue it thereafter in Nicosia with Mr. Camilión.

In view of our target date of 1 June 1989, it would seem to me that the work foreseen for the second round of talks could be completed in about two months. I hope that it will be possible to resume the talks in December and to complete this phase of our work by the end of February. I therefore would like to invite you to meet with me again during the first half of March to launch the next phase on the basis of what will have been achieved by then.

In conclusion, I need hardly add how important it is that all Cypriots should sense that you are meeting not as adversaries but that you are jointly working together for the achievement of the common goal.

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THE TURKISH CYPRIOT APPROACH TO THE QUESTION  
OF THE SO-CALLED "THREE FREEDOMS"  
AS PART OF AN INTEGRATED WHOLE

1. The following matters relating to the "three freedoms" will also be decided upon as an integrated whole.

2. The principle of respect for all "three freedoms" will be provided for in the part of the federal constitution relating to fundamental rights and liberties.

3. The following provisions, relating to the "three freedoms", in conformity with the third paragraph of the Denktas-Makararios agreement of 1977, will be included in the "Final Provisions" or "Transitional Provisions" of the federal constitution.

(a) (i) The "freedom of movement" will be implemented upon the coming into operation of the federal constitutional system.

(ii) The police of both federated republics will carry out the necessary controls which fall within their respective sphere of authority and undesirable persons may be excluded or expelled from the territory of the federated republic.

(b) (i) A moratorium for a period of 18 years will be applied on the implementation of the "freedom of settlement". Provision will be made for the review of this period at the end of the 9th year after the commencement of the moratorium.

(ii) After the end of the moratorium each federated republic will determine a ceiling of the number of Turkish Cypriots and Greek Cypriots, respectively, which such federated republic will be able to accept for the purpose of settlement. Such ceiling may either be in respect of the federated republic concerned as a whole and/or on the basis of specific inhabited areas.

(iii) Matters relating to settlement will be regulated by each federated republic within the specified ceiling.

(c) (i) Claims by Turkish Cypriots and by Greek Cypriots in respect of property ownership in Northern Cyprus and Southern Cyprus, respectively, arising from the pre-1974 period, will have been settled, by way of exchange and/or compensation, by a mixed commission before the establishment of the federation.

(ii) After the settlement of all property claims relating to the period before the establishment of the federation, there will be a moratorium of 18 years on

the matter of persons belonging to one federated republic acquiring property rights in the territory of the other federated republic.

(iii) The exercise of the right to property will be regulated by the respective federated republic with the object of preserving the fundamental characteristics of the federation.

THE TURKISH CYPRIOT APPROACH  
TO THE QUESTION OF CYPRIOT AND NON-CYPRIOT FORCES  
AS PART OF AN INTEGRATED WHOLE

1. A balance will be established between non-Cypriot and Turkish Cypriot forces in Northern Cyprus, on the one hand, and non-Cypriot and Greek Cypriot forces in Southern Cyprus, on the other, on the date on which the Transitional Federal Government is formed.

2. After the establishment of the Transitional Government,

- non-Cypriot forces, in accordance with a previously agreed time-table, will be brought to the level necessary for ensuring adequate and effective guarantees.
- the strength of the Turkish Cypriot and Greek Cypriot forces will be regulated by the respective federated republic in accordance with previously agreed principles and parallel to the above.

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**THE TURKISH CYPRIOT APPROACH  
TO ADEQUATE AND EFFECTIVE GUARANTEES  
AS PART OF AN INTEGRATED WHOLE**

It is the view of the Turkish Cypriot side that after the federal structure has taken shape and arrangements have been made on the details of such structure, the three Guarantor Powers, after obtaining the views of the two sides, will engage in consultations among themselves with a view to reaching agreement on this matter as part of an integrated whole.

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**FEDERAL STRUCTURE, AS PART OF AN INTEGRATED WHOLE,  
IS THE KEY TO A COMPREHENSIVE SETTLEMENT**

1. In the view of the Turkish Cypriot side, the question of the federal structure should be taken up at the next stage of the talks with the object of agreeing upon the constitutional aspect and, within this framework, of determining the basic elements of the federal structure.

2. This being the essence of a comprehensive settlement, no progress can be made until agreement is reached on the following, which are essential elements of the constitutional aspect :

- political equality of the partner republics and peoples,
- effective participation in the federal organs and in the decision making process,
- constitutional safeguards.

3. Naturally, our aim is a bi-communal, bi-zonal federal republic, built on the equality of the two peoples. Such a federation can only be achieved by starting from the existing situation.

4. The Turkish Cypriot side is of the view that the representation of the federal republic abroad and its personification at home should not, at any time, be in the hands of only one Community. The federal constitution should provide for this.

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THE TURKISH CYPRIOT APPROACH  
REGARDING THE FUTURE COURSE OF THE TALKS

1. The Turkish Cypriot side expects that due weight will be given to the procedure to be followed in the next stage of the talks.

2. In this regard, and in accordance with the Geneva accord of 24 August 1988, the parties should :

- a) develop a common understanding of the elements that are central to an overall settlement,
- b) identify those components of an overall settlement which are agreed, and negotiate concurrently agreement on those components where disagreement remains or which require further consideration,
- c) agree detailed provisions on all the components of an overall settlement.

3. As required by (a) above, the Turkish Cypriot side has made serious efforts to reach such a common understanding during the first phase of the talks. However, for reasons which are well known to the United Nations Secretariat, this has not been possible. Therefore, the Turkish Cypriot side feels that a further determined effort is necessary by those concerned in order to achieve this aim and hence it expects that the Greek Cypriot side will be induced to make reciprocal efforts in this regard.

**THE TURKISH CYPRIOT APPROACH  
TO THE QUESTION OF "DECONFRONTATION"**

The Turkish Cypriot side proposes to take up, in a constructive manner, the question of appropriate "deconfrontation" measures in the Nicosia area. It will, of course, be necessary to reach agreement on the details of such measures.

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