



Foreign and Commonwealth Office

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CD

Prime Minister's Visit to Turkey: Bilateral Talks
with the Turks

During the Prime Minister's visit to Turkey on 25 April, she will have separate bilateral talks with Prime Minister Akbulut (35 minutes) and President Ozal (45 minutes).

Political Situation

After 6 years as Prime Minister, Mr Ozal used his Parliamentary majority to secure election as President last November. His replacement as Prime Minister, Mr Akbulut is a colourless compromise choice from the ruling ANAP party. Although the Constitution requires the President to be apolitical, Ozal frequently intervenes in the day to day running of Government; and real power remains with the President.

The Government is increasingly divided and unpopular. Since the beginning of the year both the Foreign and Finance Ministers have resigned, expressing open dissatisfaction at Akbulut's performance. Ozal's position is somewhat more secure. His term of office is 7 years, though opposition parties have pledged to secure a Constitutional amendment to remove him if they win the next election (due in November 1992, though it may be brought forward).

Political Problems

Two issues preoccupy the government. Inflation remains at over 60% and guerrilla activity by PKK Kurdish separatists has increased substantially. Reaction by the security forces has been uncompromising, leading to

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accusations of brutality and to increased alienation of the general population in SE Turkey. Although Armenian terrorists have not been active in Turkey since 1984, some kind of demonstration to commemorate the 75th Anniversary of the "Genocide" on 24 April cannot be ruled out.

Objectives

The Turks will want to raise their EC application, and will be looking for reassurance that the changing situation in Eastern Europe does not affect the value we attach to their membership of NATO or input on disarmament questions (on both of which they can nonetheless be difficult customers). We will need to ensure that our views on Cyprus, human rights and the Midland Bank (if the problem remains unresolved by then) are registered, and to explain our position on Iraq.

Bilateral with Prime Minister AKBULUT

Talks with Mr Akbulut will take place at 0845 before the International ceremony. The Prime Minister might like to concentrate on the Middle East, Human Rights, EBRD and commercial issues, (though not Midland Bank on which Ozal is more likely to break the deadlock), leaving other topics for the meeting with President Ozal. Mr Akbulut will speak through an interpreter.

Middle East

Iran (which Mr Akbulut has recently visited):

Turkish assessment of recent Iranian statements calling for the release of all hostages in Lebanon? We hope Turkey will use every opportunity to press for their release.

Iraq.

- recent difficulties with Iraq not of our making.
- We had to react firmly to the unjustified execution of Parzad Bazoft and imprisonment of Mrs Parish. Public feeling in Britain was outraged.

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- We are also concerned at Iraq's procurement efforts and Saddam Hussain's recent threats to use chemical weapons.
- No evidence that Iraq presently has the capability to produce a nuclear weapon, but this is clearly their intention. We must work together to prevent this happening and to lower tension in the region.

Syria

Relations between the two countries are complicated by Turkish concern about Syrian support for Kurdish insurgents (including training in the Bekaa valley) and Turkey's control of the headwaters of the Euphrates. Do the Turks see any prospect for change in Syria or improvement in its international behaviour?

Human Rights

Despite proposed legislation to improve human rights observance in 1989, little progress has been made; Helsinki Watch reports that restrictions remain on political expression, the press and trade union activities.

- An area of continuing public concern in Britain. What further steps by the Turkish authorities can Turkey's friends in Britain quote when answering critics?

Bilateral with President Ozal: East/West

President Ozal values the Prime Minister's views on world issues and will want an exchange on East/West issues including those discussed with President Bush in Bermuda.

On the German Question the Prime Minister might give an account of the visit by Chancellor Kohl, and stress our determination to keep a united Germany in NATO (and the EC). The Turks were briefed in NATO on the first official-level 2+4 talks on 14 March (but not bilaterally). The Prime Minister might add that:

- We hope to take the 2+4 process forward quickly. We hope Ministers can meet early next month.

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- We favour close consultation in NATO. 2+4 intended to cover issues directly relevant to Four Power rights. Not a substitute for discussions elsewhere.

Soviet Union

The Prime Minister may like to give an account of her view of recent developments in the Soviet Union, including in Lithuania.

Mr Ozal might raise Azerbaijan: the Turks have suggested that the West's reaction to the Soviet use of force in Azerbaijan in January showed a lack of interest in the welfare of Moslem peoples, compared to the reaction to the events in the Baltic States. The Prime Minister could point to the differences between the two situations: in the Transcaucasus the situation was close to civil war, with a violent dispute between Azeris and Armenians. Moves towards independence in the Baltic States have been entirely peaceful.

Turkish Minority in Bulgaria (if raised)

- The new Bulgarian government acted swiftly to restore rights to the Turkish minority (Turkish names, Moslem customs etc) despite some popular discontent.

- We will continue to stress to Bulgarians importance of full respect for human rights. We will also be sending observers to Bulgarian elections in June.

NATO and CFE

On NATO the Prime Minister could mention the importance we attach to:

- Turkey's contribution to NATO

- Germany remaining in the integrated military structure

- the application of Articles V and VI of the NATO Treaty to former GDR territory, as a starting point for discussion of arrangements for defence of the former GDR.

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WEU

President Ozal may refer to Turkey's application (put forward last year) to join the WEU. The WEU has responded so far by saying that a Treaty review is being conducted following the accession of Spain and Portugal, and this must be completed before further enlargement. The Prime Minister could use this line in response.

Nuclear weapons in Europe (if raised)

- we accept that the reduced threat which will be posed by the Warsaw Pact, particularly after a CFE agreement, means that a substantial reduction can be achieved in the number of nuclear weapons in Europe.

- But this will need careful handling if we are to ensure the maintenance of an adequate nuclear deterrent which will include TASM.

Cyprus

The intercommunal talks are stalled, following an abortive round in New York in late February. Mr Vassiliou briefed the Prime Minister on 7 March. The subsequent UN Security Council Resolution 649 of 12 March (copy enclosed), reaffirmed the intercommunal basis for the dialogue.

The Turks have publicly supported Mr Denktash's tough line but may privately be unhappy, believing that he went too far in New York. Following her talks with Mr Perez de Cuellar and President Bush (in which Mr Bush said that UK influence in Turkey remained low because of the Armenian Genocide Resolution), the Prime Minister may wish to make the following points:

- Regret lack of progress. Mr Denktash's tough line caused a major difficulty in last round of talks in New York.

- Following the breakdown, we worked hard to achieve a firm and balanced Security Council Resolution, which all parties have accepted. The Resolution's central point is that the talks must remain in the framework of one state, two communities.

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- Our common objective: a federal, bi-zonal, bi-communal state. The way forward is through resumed intercommunal talks after the Turkish Cypriot elections. Urge you to press Mr Denktash to make a constructive contribution. Surely in Turkish interests to look for a settlement: prospects better with Vassiliou than they might be later.

- The two communities must have opportunity to accept or reject agreements their leaders reach. But if Mr Denktash insists on a separate right of self-determination, he will only block achievement of a settlement: a dangerous and destabilising approach.

- The leaders of the two sides must avoid unhelpful actions. Changes in the status of Varosha, for example, still the subject of press speculation, would be very damaging.

Greece

The Prime Minister may also wish to mention the formation of a New Democracy government in Greece under Prime Minister Mitsotakis and express the hope that this will lead to an improvement in relations with Turkey.

EC

President Ozal is likely to press for our support for Turkey's EC Application. The Commission's report in December 1989 on Turkey's application concluded that, in view of Turkey's relatively low level of economic development and the EC consensus that there should be no accession negotiations until 1993 at the earliest, the Community should strengthen its relations with Turkey within the framework of the existing Association Agreement. We endorsed this approach. The Foreign Affairs Council asked the Commission to develop detailed proposals for strengthening existing relations. Greece alone dissented and can be expected to continue to block the Fourth EC Financial Protocol for Turkey - worth £420 million over five years. The Commission are due to report in May.

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The Prime Minister might emphasise that:

- we favour strengthened EC/Turkey links;
- we expect the Commission to produce detailed proposals to develop the Association Agreement;
- we want to see the Fourth Financial Protocol unblocked. Britain has long regarded Turkey as a valued partner, and we have a shared interest in the political and economic development of Turkey.
- we support the EC consensus that no decisions can be taken on enlargement until 1993.

If pressed on what view we might then take on Turkish accession, the Prime Minister might wish to repeat what she told Ozal in April 1988, that "when the time comes for a decision on Turkey's application, the UK will give full weight to the long history of our relations with Turkey and to our many common interests".

Ozal may raise the question of the access of Turkish textiles into the EC. A new Voluntary Restraint Agreement (VRA) was negotiated in December. We have lifted a reserve we placed on it at the time, but continue to register concern at the lack of Turkish response to the Commission's representations on Turkish subsidies and restricted market access. If raised, the Prime Minister might say:

- detailed questions relating to VRAs must be taken up with the Commission in Brussels.
- once Customs Union is achieved between the EC and Turkey, and all subsidies removed, VRAs should no longer be necessary.

Commercial Prospects and ECGD cover

The Prime Minister will wish to express her appreciation that in January Marconi were awarded the £96m contract to supply military radios. British companies are competing for three other notable contracts:

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- Racal to supply a £300 million anti-aircraft radar fire control system. (EAGLE).
- Bae to supply a £180m satellite communication project (Turksat);
- As a sub-contractor, Hawker Siddeley to supply equipment worth £50m to the Canadian company UTDC for the Ankara Metro. (ATP has been applied for but not yet agreed).

The Prime Minister gave her support to BAE's bid for Turksat in a New Year's message to President Ozal. As a consequence ECGD have reserved cover. However, the potential demand for new Medium Term cover in Turkey could exceed the cover available. The present market limit is £750m and of this about £160m is available.

In view of the uncertainty about the level of ECGD cover, the Prime Minister should avoid endorsing Eagle or Ankara Metro unless she also points out that ECGD cover is not reserved. Otherwise, President Ozal may assume that HMG is prepared to give these projects full financial backing.

Midland Bank

Midland Bank's plans to open an office in Istanbul next month have been blocked, at the last minute, by the refusal of a senior Economic minister, Gunes Taner, to sign the authorising decree. The ostensible reason is our refusal to give the Turkish bank, Iktisat, full status in London: they have a representation office but have yet to meet the criteria in the UK's 1987 Banking Act. We are recommending that the Chancellor send a message to Mr Taner. But Ozal's personal intervention will probably be needed to resolve the deadlock. The Ambassador has recommended that the Prime Minister raise the issue with him. Sir Kit MacMahon has also asked her to do so.

The key points are:

- Since the German acquisition of part of Standard Chartered, there is no British Bank in Turkey, whilst there are 3 Turkish Banks in London.

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- Turning down Midland would send the wrong signals to the international financial community at a time when Turkey is actively encouraging inward foreign investment.
- There is no direct comparison between the Midland and Iktisat cases. Iktisat has to comply with the 1987 Banking Act. So far it has been unable to do so; other Turkish Banks have.

European Bank for Reconstruction and Development

The Turks have said that they favour a consensus candidate for the site of the EBRD. The Prime Minister may wish to register her personal interest in seeing London chosen as the site.

The Prime Minister has met President Ozal on a number of occasions, most recently at the NATO summit in Brussels in May 89. She may have seen Prime Minister Akbulut in the margins of the last NATO summit in Brussels in December 1989. I attach LPRs on both men. A formal visit programme will be handed to the Prime Minister by Sir Timothy Daunt on arrival in Istanbul. He will also be sending a scene setting telegram on 20 April. I shall be writing separately about the Prime Minister's bilateral with Prime Minister Hawke.

The MoD are writing to you separately about the Defence Secretary's programme, the veterans and the Prime Minister's visit to one of the frigates.

I am copying this letter to Simon Webb at the MoD.

Yours ever,

(R H T Gozney)
Private Secretary

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