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TELNO 193
OF 200545Z APRIL 90
INFO ROUTINE ISTANBUL
INFO SAVING ATHENS, NICOSIA

PRIME MINISTER'S VISIT: PROSPECTS IN TURKEY

SUMMARY

1. OZAL BLITHELY SELF CONFIDENT DESPITE MAJOR INTERNAL PROBLEMS AND EXTERNAL UNCERTAINTIES. GOVERNMENT LIKELY TO MUDDLE THROUGH TO MID-1991. MEDIUM TERM PROSPECTS REMAIN GOOD.

DETAIL

2. TURKEY FACES MOUNTING PROBLEMS:

A. GOVERNMENT UNPOPULARITY, PARTY SQUABBLES AS ANAP SLIPS TO THIRD PLACE - WITH AROUND 10% PUPULAR SUPPORT - AND WIDESPREAD CRITICISM OF THE PRESIDENT HIMSELF.

B. INFLATION: ALTHOUGH IT HAS EDGED DOWN FROM 1989'S 70 PER CENT, STILL OVER 60 AND LIVING STANDARDS ERODED.

C. INTERNAL SECURITY: ISLAMIC FUNDAMENTALISM AND LEFT WING MILITANCY? BUT THE MAIN CONCERN NOW IS THE KURDISH PROBLEM, OVER WHICH NEW MEASURES, INCLUDING SEVERE PRESS CENSORSHIP, ARE UNLIKELY TO PROVE EFFECTIVE.

D. EXTERNAL UNCERTAINTIES: REBUFF BY THE EC, SYRIAN SUPPORT FOR PKK TERRORISM, IRANIAN AND SAUDI ENCOURAGEMENT OF FUNDAMENTALISM, DIFFICULTIES WITH GREECE AND BEING BLAMED OVER CYPRUS, ALL AGAINST THE BACKGROUND OF UNCERTAINTY AS TO HOW CHANGES IN THE SOVIET UNION AND E EUROPE WILL AFFECT TURKEY'S POSITION IN NATO AND HER INFLUENCE WITH HER MAIN ALLIES.

E. A POOR IMAGE OVER DEMOCRACY AND HUMAN RIGHTS: REPEATED OWN GOALS AND ANOTHER THREATENED AS KUTLU AND SARGIN ENTER THE THIRD WEEK OF THEIR HUNGER STRIKE (TELELETTER TO HEAD OF SED).

ALTHOUGH OZAL MAY WISH TO DISCUSS (D) ABOVE, HE IS UNLIKELY TO BETRAY MUCH ANXIETY ON ANY OTHER SCORE. HE CONTINUES TO EXUDE SELF-CONFIDENCE, PARTICULARLY OVER ECONOMIC PROSPECTS AND A STRONG EXTERNAL ACCOUNT. HE TOLD BUSINESSMEN ON 17 APRIL NOT TO WORRY ABOUT THE PRIME MINISTER SINCE HE HIMSELF REMAINED FIRMLY IN CHARGE

(EXCLAM).

3. THE GOVERNMENT'S POSITION IS PRECARIOUS. MORE SERIOUS TROUBLE IN THE SOUTH EAST, URBAN TERRORISM, A SPURT IN INFLATION, OR SIGNIFICANT LABOUR UNREST, COULD PRECIPITATE A CRISIS. BUT IT IS MUCH MORE LIKELY THAT THEY WILL MUDDLE THROUGH UNDER AKBULUT UNTIL AN EARLY ANAP PARTY CONGRESS NEXT JANUARY, PERHAPS A NEW PRIME MINISTER THEREAFTER AND ELECTIONS LATER NEXT YEAR. OZAL MAY NOT BE UNREALISTIC IN HOPING THAT HIS OWN POSITION CAN BE MAINTAINED THEREAFTER, QUITE POSSIBLY WITH A COALITION GOVERNMENT, WHATEVER HAPPENS TO ANAP.

4. SEE MIFT ON COMMERCIAL PROSPECTS.

DAUNT

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