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From the Private Secretary

Dear Christopher,

**PRIME MINISTER'S MEETING WITH
PRIME MINISTER DEMIREL OF TURKEY:
MONDAY 23 NOVEMBER**

Thank you for the briefing for the Prime Minister's meeting with Prime Minister Demirel of Turkey which took place today. Mr. Demirel was accompanied by the Turkish Foreign Minister, Mr. Cetin, and other officials. The Foreign Secretary, Mr. Needham and Lord Cranborne were with the Prime Minister. So was our Ambassador in Ankara, John Goulden.

At Mr. Demirel's request, he and the Prime Minister had about 20 minutes entirely on their own before lunch. The Prime Minister has told me that the meeting was very low-key and it was not at all clear why Mr. Demirel had asked to meet in private.

Mr. Demirel's main concern was over the possibility of military spill-over into Kosovo, Sanjak and Vojvodina. His message was a very simple one: something needed to be done to prevent such a spill-over. Mr. Demirel favoured the UN Secretary-General taking a clear position, as he had over Kuwait, with support from Member States. If the UN took no action it would have no credibility. The consequences of a spill-over would be very serious and speed was of the essence. Turkey wanted to help in the context of the CSCE and of the UN. Mr. Demirel said that he would be at his Balkan Conference on 25 November and Mr. Cetin would attend the Islamic Conference in Riyadh on 1/2 December. He expected both meetings to endorse the position set out above.

Mr. Demirel also expressed great concern about instability in the Former Soviet Union (a point to which he reverted over lunch). He had no specific proposals to make.

Lunchtime Discussion

The Prime Minister welcomed Mr. Demirel warmly. Mr. Demirel expressed his thanks for the help Britain had given over Turkey's relations with the EC and paid tribute to the Foreign Secretary's role. Turkey's relations with the United Kingdom were "beautiful". There were many things we could do together for the peace and prosperity of our people.

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John Goulden described the present situation over contracts. There had been a recent decline in British investment in Turkey, partly because previous projects had come to an end. There were, however, new opportunities - in particular the Izmit Water Project and the British Gas bid for the Istanbul Project. BP also wanted to do oil exploration in the Black Sea and would be very well placed to do so with only a minor adjustment to the Turkish tax incentive regime. BP were already active in Azerbaijan. It would be an encouragement to British investment if we could be successful with one or two major contracts.

Mr. Needham commented that he was convinced that we could do better and Mr. Goulden said that privatisation was a very promising area in which our experience was very relevant.

Mr. Demirel said that Turkey was only just learning about privatisation. They had done \$1 billion worth over the last five years, with \$1 billion more this year and another \$3-\$4 billion worth in 1993. They had much to sell as they tried to make the State sector smaller. There were some legal difficulties but things would speed up. Turkey was selling whole companies to corporate bidders. They did not, on the whole, want to get into the business of having to manage sales to private shareholders. At the moment the Government was being criticised in Parliament for not doing enough towards privatisation. Once the privatisation programme speeded up, they could of course expect criticism of it from within Parliament.

Mr. Demirel said that the Turkish deficit was currently 14 per cent of GNP but would fall to less than 10 per cent in 1993. It was very difficult to cut public expenditure because Turkey could not afford to reduce the number of public employees. They were cutting some investment programmes but could not do too much. As part of the CSCE Agreement, the Army would be cut down from 700,000 to 450,000 and National Service from 18 months to 12 months. More mechanisation would be introduced. The Soviet threat was almost gone but if instability developed in the former Soviet Union, the situation would not be a good one. He was thinking of the Russian Federation itself, rather than the other States of the FSU. Turkey's friends in Central Asia were nervous about Russian intervention in their domestic affairs. The Prime Minister gave his impressions of President Yeltsin's visit to the UK. He had been very buoyant. He recognised that he would be facing a very difficult Congress in December. He was keen to keep Gaidar and Kozyrev. He had been much better briefed, more self-possessed than in the past and had been happy both to take decisions and to change policy on the hoof.

EC/Turkey

The Prime Minister said that he was pleased at the progress that had been made, eg towards a customs union and towards greater market access for Turkey. Mr. Demirel said that Turkey was preparing for customs union in 1996. 50 per cent of her exports and imports were to and from the EC already. Turkey attached enormous importance to full membership. If in the meantime, Turkey could have better access for her exports, then it would be possible for her to increase her imports. She was looking in particular for a quota relaxation on textiles. The Prime Minister said that this was more a problem for other Member States than for us. GATT would help. He also advised Mr. Demirel to make greater use of the Association Agreement in the first instance. Unfortunately, we could not unblock the fourth financial protocol because of opposition from a well-known quarter.

Mr. Cetin said that public opinion was not very happy with the notion of associate status as a second cheer. Turkey recognised that the EFTAN would be the first wave to join the community but the next wave of membership should not happen without Turkey. Turkey, meanwhile, was grateful for the extension of her dialogue with the European Community.

The Foreign Secretary referred to the development of political dialogue between the Community and Turkey and Turkey's associate membership of the WEU. The Prime Minister said that our primary defence would remain NATO. Some Member States were looking to what might happen on a longer time scale and to a possible reduction in the US commitment to Europe. Our view was that the trans-Atlantic link was very important and we should not put it at risk by talking about possible events further down the track. To do so might turn what was only a remote possibility into a reality.

Lord Cranborne said that the WEU could not replace NATO either in military or resource terms. Prime Minister Demirel asked what would be the threat the WEU was likely to face. Lord Cranborne said that this was a much-debated issue. Mr. Demirel himself had referred to possible instability in the former Soviet Union. There were obvious potential threats from the Third World. It was not easy to identify the threat in precise terms but both Britain and Turkey knew, from their own history, that the break up of Empire tended to lead to instability.

The Prime Minister said that the old grounds for our military defence had changed and would not reappear in precisely the same form. We needed to look not just at where the threat might lie, but where our obligations might arise and it was clear that such obligations had arisen in the context of Iraq and Kuwait. They might arise in the context of Kosovo or Iran. We believed that Turkey's associate membership of the WEU had a part to play. The Foreign

Secretary added that associate membership had been defined amply and it was up to Turkey to make the most of that.

Mr. Demirel commented that if there was no threat from the Soviet Union, then there was bound to be public discussion about the nature of the threat and about where the role of WEU lay. The question of stability in the former Soviet Union was an important one and must be discussed with the Americans and others. We needed to develop relations with the former Soviet Union so as to offer them the prospect of stability.

Northern Iraq

In reply to the Prime Minister's question, the Turkish Prime Minister said that in Northern Iraq the authority of Baghdad did not run. It was almost a no-man's land. There were 7,000-8,000 members of the PKK on Turkey's borders. Turkey had good relations with the main Kurdish leaders, Barzani and Talabani. They were united in their wish to avoid hunger and tyranny. Turkey wanted no repetition of 1991. There was no doubt that Talabani and Barzani were undermined by the presence of the PKK. Turkey had taken effective action against the PKK, who had in the past received help from Saddam Hussein.

The Prime Minister said that there was a persistent danger of attack on the Kurds in Northern Iraq and a risk of a mass influx into Turkey. One advantage of the no-fly zone was to restrain Saddam Hussein from that sort of attack. Given the risk of a refugee exodus, and the other factors he had described, we hoped that Operation Provide Comfort could continue a little longer.

Mr. Demirel said that Turkey could not simply sit by and watch attacks by Baghdad against people who were ethnically the same, whether they were on the Iraqi side or the Turkish side of the border. But the Turkish Parliament and public opinion were nervous about creating the core of an independent state. By talking of a federation, the Kurdish leaders were fuelling such fears. Turkey had had no warning of this policy announcement by the Kurds. It had not been wise. Britain, France and the United States were against an independent Kurdistan and Turkey might need some help from us. Certainly talk of a federated Iraq was a mistake and risked fuelling the notion of Iraq's disintegration.

The Prime Minister said that we had no interest in the dismemberment of Iraq. At the same time, we were very anxious to deal with the genuine humanitarian problems in Northern Iraq. Turkish generosity had helped beat back the Iraqi regime. Mr. Demirel said that he did not think he and the Prime Minister would have any difficulty in persuading each other. Ten to fifteen people in Turkey were killed by PKK groups every day. Turkey was trying to deal with the issue within the rule of law.

The Prime Minister and the Foreign Secretary said that they would be prepared to consider both a collective statement by the three powers participating in Operation Provide Comfort, restating their position on Iraq and on Kurdish autonomy. Equally, the Prime Minister was prepared to write letters to Barzani and Talabani which could be deployed by Turkey as necessary. The Prime Minister said he recognised that there were two possible ways for Mr. Demirel to handle this issue. If it was easier for him to justify the extension of Operation Provide Comfort within his own Parliament on the basis that this was in Turkey's own interests, then he would quite understand that.

Cyprus

The Foreign Secretary said that we were worried. The second round of talks had adjourned. The UN Security Council felt the need for a settlement and the Turkish, Greek and Cypriot Governments all wanted a settlement. But Denktash was still unwilling to make concessions and there was a risk that the world would consider him to be the main obstacle to a settlement. We could not let things ride. One day we could be faced with much more bellicose Governments in Nicosia and Athens. We had resisted the notion of linkage between progress on Cyprus and progress in Turkey's relationship with the European Community but we had to acknowledge in practice that such linkage did exist and not simply because of Greece. So anything that Turkey could do to push progress would be very welcome, not least in avoiding the risk of stalemate turning into an explosion.

Mr. Demirel said that Turkey paid a lot for her armed presence in Northern Cyprus and for funding the deficit of the Turkish State in Cyprus. Turkey had suffered and the 150,000 Turkish Cypriots were also suffering. Nobody, apart from Turkey, recognised them. They were isolated. So Turkey wanted a settlement but it should not be a settlement which simply caused greater troubles between Turkey and Greece. The fact was that the peace had been secured by the Turkish military who acted as a deterrent. In the negotiations, Denktash had reduced his demands to less than 30 per cent of the land area. The UN Secretary-General had proposed a figure for the Turkish proportion of the island of 28.4 per cent. Denktash had indicated that he would settle at 29 per cent plus. If agreement could be reached on the constitution, then Denktash would revert to the map and split the difference between 28.4 per cent and 29.1 per cent. We should not overlook the fact that the Turkish Cypriots were of a different race and language from the rest of the island. After the collapse of the Soviet Union, Czechoslovakia and Yugoslavia it was difficult to persuade them that they should live together with the rest of Cyprus. But if Turkey had not pushed Denktash, then he would not have negotiated at all. It was unreasonable of Mr. Vassiliou to expect to do a deal before his elections. We should see what happened after the

elections. The Foreign Secretary said that that was all very well, but Mr. Vassiliou needed some understanding. The alternatives to him were not likely to be so good.

The Prime Minister drew an analogy with the GATT negotiations. There was a moment when, if you lost momentum, you moved backwards. The consequences of failure would be too devastating to contemplate. There would be a tremendous bonus if agreement could be reached. Could Mr. Demirel endorse the UN Secretary-General's ideas? Mr. Demirel said that 91 per cent of the Secretary-General's ideas were accepted by Mr. Denktash. But only as a basis of negotiation, John Goulden commented. The Foreign Secretary said that we had tried to keep the EC out of the issue but that required progress. Mr. Demirel said that when Denktash had talked about a settlement of 29 per cent plus, there had been no adverse reaction in Turkey. That was a good sign, but a settlement had to be workable and not just imposed by pressure by Turkey on Denktash or by Britain and others on Turkey. In the privacy of the meeting he would say that while the UN Secretary-General was very able and experienced, he had been very unskilled in this particular matter and had handled it poorly and querulously.

The Prime Minister said it would be very difficult to keep the EC out of things as it moved towards common foreign policy positions on an increasing number of matters. When the talks re-grouped we would not want to see the parties stuck in their trenches so he asked Mr. Demirel to use his authority to give Mr. Denktash a push. The two Foreign Ministers should keep in touch.

Mr. Cetin commented that the UN should prepare the ground in a way that they had not done prior to the October talks.

Human Rights

The Prime Minister said that Mr. Demirel's Government had raised Turkey's reputation in the world and its handling of human rights had been one reason for that. There was a lot of goodwill around and that goodwill would be enhanced considerably if Turkey was seen to be pushing for a settlement in Cyprus.

Mr. Demirel described the legislation which had been passed in Turkey on human rights matters. Once terrorism had been dealt with, the effects of the legislation would become clear.

The Prime Minister said he understood that Turkey had no objection to Amnesty establishing an office in Ankara. Mr. Demirel said that was the case. He was not against Amnesty. Turkey was a free country, with free media, free elections and the right of assembly. The only problem was terrorism. The

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passage of the legislation on human rights, after its initial veto by President Ozal, had been a success for democracy.

Bosnia

Mr. Demirel raised the subject to say that it had been a tragedy that so many people had been killed, and we should not allow the same thing to happen in Kosovo. If the war spilled over into Kosovo, Sanjak and Vojvodina it would be very serious. Hence the gathering of Balkan leaders which he had called in Istanbul, which was intended to complete, and not compete with, other international action.

The Prime Minister said that Mr. Demirel had told him earlier that the aim was to point up the dangers and the need for pre-emptive action.

Bilateral

Mr. Demirel concluded the meeting by saying that there should be closer economic co-operation between the two countries. Mr. Needham had made a beautiful speech at the CBI Meeting that morning. There was plenty of scope for co-operation in Central Asia, eg in pipeline projects from Baku, Azerbaijan and Armenia. Our people should take a closer interest in those projects.

The Prime Minister suggested that Mr. Needham might lead a trade mission to Turkey and Mr. Needham agreed to pursue this point.

I am copying this letter to Jeremy Heywood (HM Treasury), John Pitt-Brooke (Ministry of Defence), Peter Smith (Department of Trade and Industry) and to Melanie Leech (Cabinet Office).

Jane,
John

J. S. WALL

Christopher Prentice, Esq.,
Foreign and Commonwealth Office

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- Set of Ideas a good deal for Turkish Cypriots and an opportunity for Turkey to despatch the problem. Brings power-sharing, security guarantees and a chance for substantial economic improvement. Expect Denktash position to have changed substantively when talks reconvene in March.
- Expect Turkish Government to endorse Set of Ideas, including the map, as basis for settlement. *Will you?*

WEU

- Glad that process started at Maastricht has reached an acceptable conclusion.
- Associate Membership of a defence organisation a new concept. Believe the arrangements agreed since Maastricht can make it work.
- Gives you a voice at heart of European defence dialogue.

Iraq

- Saddam Hussein is wrong if he thinks that Clinton will be softer on Iraq. Vital to maintain a united front while Iraq continues to defy Security Council and refuse its obligations under SCR 687.
- Fully understand Turkish concerns about the long term risk to the territorial integrity of Iraq. Have repeatedly made clear, especially to the Iraqi Opposition, that our aim is a unified and democratic, not dismembered Iraq.
- Grateful for Turkey's full cooperation with Operation Provide Comfort and its coordination of cross border humanitarian relief operations.

111- Coalition aircraft have been effective in deterring Iraqi attacks on northern Iraq. Continuation of Operation Provide Comfort essential to avoid refugee exodus to Turkey this winter. Hope that Turkey will agree to extension for 6 more months.

Human Rights

- Lock people up: Torture: Amnesty allegations*
- Welcome priority which Prime Minister Demirel has given to human rights. But remain seriously concerned at evidence of continuing violations in the South East.
 - Welcome Demirel's undertaking to investigate thoroughly all allegations of human rights abuses and to bring to justice those responsible.