

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

21 September 1987

Dear Charles,

Meeting with the Turkish Prime Minister in Berlin: 24 September

At our suggestion, the Prime Minister is to call on Mr Turgut Ozal, the Turkish Prime Minister, at the Schweizerhof Hotel in Berlin, after the IDU dinner on the evening of Thursday 24 September.

I attach a personality note on Mr Ozal, whom the Prime Minister will remember meeting during his official visit to Britain in February 1986. Mr Ozal asked to call on her last March on his way back to Turkey from his triple heart by-pass operation in Houston. The Prime Minister's diary would not allow this, so the Foreign Secretary called on Mr Ozal instead.

OUR AIMS FOR THE CALL

Relations with Turkey are currently very good. We have no serious bilateral problems or, Cyprus apart, any significant differences over foreign policy. The Foreign Secretary would see the call on Mr Ozal as an opportunity to:

- a) lobby on behalf of British companies bidding for projects in Turkey;
- b) press for further progress on human rights, acknowledging recent improvements and looking forward to a freely-contested election campaign in Turkey on 1 November;
- c) urge the need for progress on the Cyprus dispute and for continued dialogue with Greece on the Aegean.
- d) exchange views on the situation in the Gulf (Turkey has close contacts with both sides).

/e)

CONFIDENTIAL



e) continue to avoid commitment of support for Turkish membership of the EC, while encouraging the Turks to work for progress under the Association Agreement while they await the Commission's opinion;

BILATERAL RELATIONS

The Prime Minister might like to refer to the warmth of our bilateral relations, stressing that this has not been adequately reflected in the economic/commercial field. The Turkish Government make no secret of the fact that political considerations weigh heavily in the award of major contracts to foreign firms. Ozal is inclined to take HMG's political support for granted. It might therefore be helpful if the Prime Minister suggested that it was not always easy to give political support to Turkey in the face of British press and parliamentary criticism.

The Prime Minister might raise in particular:

i) the Turkish tender for armoured personnel carrier: she sent a personal message (copy enclosed) to Mr Ozal on 23 July urging the selection of the GKN Warrior and reminding him that she had arranged for the level of official credit support for GKN's offer to be increased substantially. The timing of the Turkish decision is uncertain, following a recent modification to the tender. But the moment may now be crucial. We understand the Germans are applying political pressure on behalf of their bidder (the third in the field is an American consortium). Mr Ozal may comment on Warrior's higher costs, which in the latest (confidential) Turkish assessment are 25% and 40% higher than the German and US bids. Against this, the Prime Minister might mention that Warrior alone meets present and future NATO standards, has alone been selected by its own armed forces, and would provide Turkey with valuable technological and industrial benefits and the only real prospect of export sales. Warrior also has proven low maintenance costs (which the Turks failed to credit in their assessment). The saving would amount to some 20% on top of the GKN cost.

ii) AMEC International Construction Ltd's bid for the Ankara gas conversion project: AMEC had originally hoped for a negotiated contract, but the Turks decided in June to put the

/project

CONFIDENTIAL



project out to international tender. The Prime Minister might tell Mr Ozal that HMG have demonstrated their continuing interest in the project by the decision last month to increase our offer of a soft loan for this project from £46.75 million to £59.5 million.

TURKEY INTERNAL

The Prime Minister might welcome the result of the Constitutional Referendum of 6 September - a very narrow majority (0.3%) for lifting the political bans on ex-Prime Ministers Demirel and Ecevit. Although Mr Ozal campaigned against removal of the bans, the fact that he obtained the support for his views of nearly half the electorate leaves him in a strong position for the general election he has called for 1 November, when a 35% vote would almost certainly guarantee his re-election. Removing the restrictions should help to improve Turkey's image in the West. While expressing sympathy over recent terrorist incidents in eastern Turkey, in which more than 35 civilians have been killed, the Prime Minister might add that continuing publicity about allegations of torture harms Turkey's efforts to convince her critics that progress is being made towards European standards of democracy and human rights; and that it makes the position of Turkey's friends more difficult.

VISITS

Mr Ozal will probably reiterate his invitation in February 1986 for the Prime Minister to visit Turkey. She could say that she hopes to make the visit in 1988 and to put dates to Mr Ozal by the end of this year (i.e. after the Turkish General Election).

Mr Ozal may also broach the possibility of a State Visit by President Evren before the latter's 7-year term expires in November 1989. If so, the Prime Minister might say that such an event would indeed crown a good period in our bilateral relations; but that, in view of the pressure on HM the Queen's time, it is impossible for any commitment to be made now. (In fact, an invitation to Evren for 1988 is almost certain to be issued, either for June/July or November).

CONFIDENTIAL



CONFIDENTIAL

TURKEY/GREECE

The continuing dialogue between Mr Ozal and Mr Papandreou over the Aegean has served to dampen down the tension which led to the crisis of last March. The Prime Minister may wish to welcome this. If Mr Ozal is re-elected on 1 November, he could be better placed to inject more substance into the exchange. The Prime Minister might suggest that Mr Ozal should take seriously the possibility of recourse to the ICJ or some other form of international arbitration to settle the legal aspects of the dispute. The Turks dislike this Greek proposal and have pressed for bilateral negotiation of all matters in dispute. Mr Ozal might be reminded that some sort of third-party arbitration is probably the best way to enable any Greek Prime Minister to "sell" an Aegean settlement to Greek public opinion.

CYPRUS

We remain concerned at the lack of progress over Cyprus. We understand that the Greek Cypriots intend to press for a debate on Cyprus at the UN General Assembly this year. On the last occasion when they did this, in 1983, the Turkish Cypriots responded by declaring UDI. The Prime Minister might express the hope that the Turkish Cypriots will not over-react to any provocation at UNGA; and our belief that this would be against Turkey's interests as well as making a solution in Cyprus harder to achieve. We hope that, following the Greek Cypriot elections next February, the UN Secretary-General will be able to make progress on his initiative; and we trust Mr Ozal will encourage the Turkish Cypriots to cooperate with the Secretary-General and show flexibility.

TURKEY/EC

Turkey's application for EC membership has been remitted to the Commission, where it will be processed slowly. This suits the Turks, for their own domestic reasons. The application raises serious problems: Turkey would be the largest and much the poorest EC member state (GNP per head 14% of the EC average); would not be able to meet all the obligations of membership; would require massive subventions from the richer member states; and is 98% Muslim. But the issue needs to be carefully managed, to avoid risks to Turkey's Western orientation, and to NATO.

CONFIDENTIAL



CONFIDENTIAL

If Mr Ozal raises the matter, the Prime Minister might say that while the application is being processed it would make sense to make more effective use of the existing Association Agreement. The UK would be happy to participate in an early meeting of the Association Council, though adequate preparation (to ensure a substantial agenda and the prospect of positive results) would be important.

The Prime Minister will be aware of the raw Turkish nerve touched by a resolution in the European Parliament in June on the Armenian question. The Turkish Foreign Minister raised the issue in London in July, but accepted the Foreign Secretary's explanation that EP resolutions did not necessarily reflect the views of member states. The Turks saw this as UK dissociation from the resolution, and welcomed it.

IRAN/IRAQ

As it is such a live issue, the Iran/Iraq conflict will probably be raised. The Prime Minister may wish to reiterate our desire to see immediate implementation of SCR 598, and our disappointment that the visits by the UNSG to Tehran and Baghdad have not led to early agreement on this. There is now a need for the Security Council to keep up the pressure on Iran, ideally by starting work on enforcement measures, while not ruling out the possibility of further diplomatic efforts. The Prime Minister will wish once again to ask the Turks, who could exert considerable influence especially in Tehran, to put pressure on the parties to implement SCR 598 immediately, and to desist in particular from attacks on shipping in the Gulf. The Prime Minister may also like to encourage the Turks to join our efforts to forge an international consensus in support of freedom of navigation in the Gulf. Iran and Iraq must understand that this is a principle of interest to the whole international community, not just to the West, or to those with naval ships in the area.

Yours ever,
L. Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



OZAL, TURGUT

Prime Minister of Turkey

Born 1927. Graduated from Istanbul Technical University in 1950, as an electrical engineer. 1950-60 worked in the electrical works study administration, latterly as assistant director-general responsible for electrification planning and for several large hydro-electric projects. Studied in America in 1952. Became Assistant Professor at the Middle East Technical University and a special technical adviser to the Prime Minister. 1967-71 Under-Secretary at the State Planning Organisation and 1971-73 adviser on Special Projects at the World Bank. 1973-1979 served on the boards of various industrial corporations and became Chairman of the Metal Industry's Employers' Association. Architect of the economic stabilisation measures introduced by Mr Demirel's government in 1980 and was also one of the leading figures behind the successful 1970 economic package.

Kept on by Evren after the coup in September 1980 and made Deputy Prime Minister and Minister of State for Economic Affairs in the Ulu Cabinet. Gained an international reputation as the successful architect of Turkey's economic recovery and the widespread respect of international banking and financial circles. Domestic dissatisfaction with his economic policies came to a head in 1982 leading to his resignation from the Government. Nevertheless, the government's economic strategy remained broadly that of Ozal. Established, and became Chairman of, the right-of-centre Motherland Party, which won the November 1983 election with an absolute majority of seats. Immediately began ambitious and radical programme of reforms, basically a continuation, plus imaginative expansion, of his January 1980 austerity measures, in an attempt to revitalise the Turkish economy and re-organise the bureaucracy. Has achieved a good working relationship with President Evren. Lost some credibility by his campaign for a "no" vote in the 6 September 1987 Constitutional Referendum, but latest opinion polls show he is likely to gain majority of seats in general election he has called for 1 November.

Married with three children. Short, rotund and friendly, he is a good listener and talker who can hold his audience. Impressive TV performer. Devout Muslim and a man of great ability. Speaks good English. Paid official visit to UK in February 1986 and a private visit in March 1987 (when he met the Foreign Secretary) following a successful heart bypass operation in the USA, from which he seems to have fully recovered.