

CYPRUS

PS
 PS/LADY YOUNG
 PS/MR RENTON
 PS/PUS
 MR DEREK THOMAS
 MR JENKINS

PS/No.10 DOWNING STREET

D I O CABINET OFFICE

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UKMIS NEW YORK TEL 1455 : CYPRUS : SECRETARY GENERAL'S INITIATIVE.

SUMMARY.

IACOVOU "VERY ENCOURAGED" BY THE TURKISH MOVEMENT IN THE THIRD ROUND, BUT KYPRIANOU NOT PREPARED TO GIVE PEREZ DE CUELLAR A YES OR NO ANSWER ON A TAKE-IT OR LEAVE-IT BASIS. STILL INSISTENT ON NARROWING THE GAP FURTHER ON ISSUES OF PRINCIPLE BEFORE PROCEEDING TO A HIGH-LEVEL MEETING. WORRIES REPEATED ON YETO POWERE (IN THE EXECUTIVE MORE THAN THE LEGISLATURE), ON THE ACTUAL TERRITORY TO BE RETURNED AND ON TURKISH SETTLERS. TIMING OF TURKISH TROOP WITHDRAWALS ANOTHER PROBLEM. SOME ELEMENT OF BARGAINING TACTICS IN THIS POSITION. BUT PEREZ DE CUELLAR WILL HAVE TO BE FIRM IN WARNING KYPRIANOU NOT TO PUT THE LAST CHANCE OF A SOLUTION AT RISK BY SEEKING MORE THAN THE MARKET WILL STAND.

DETAIL.

1. AT MY REQUEST I HAD HALF-AN-HOUR WITH IACOVOU ON 5 DECEMBER. HE BEGAN BY GIVING ME A LENGTHY "PERSONAL AND CONFIDENTIAL" LETTER FROM KYPRIANOU TO THE PRIME MINISTER (MY TEL 549, NOT REPEATED ELSEWHERE), AND HIS SUBSEQUENT REMARKS FOLLOWED THE GENERAL LINE OF THIS.

2. IACOVOU STRESSED THAT HE WAS "VERY ENCOURAGED" BY THE TURKISH MOVEMENT IN THE THIRD ROUND, WHICH OPENED FOR THE FIRST TIME THE PROSPECT OF A FINAL SOLUTION. BUT THE GREEK CYPRIOTS WERE NOT PREPARED TO TREAT PEREZ DE CUELLAR'S LATEST PROPOSALS (WHICH CLEARLY EMANATED FROM THE TURKISH SIDE) ON A TAKE-IT OR LEAVE-IT BASIS, OR TO GIVE A YES OR NO ANSWER UNDER TIME PRESSURE. THEY STILL CONSIDERED IT ESSENTIAL TO NARROW THE GAP FURTHER ON THE

LEAVE-IT BASIS, OR TO GIVE A YES OR NO ANSWER UNDER TIME PRESSURE. THEY STILL CONSIDERED IT ESSENTIAL TO NARROW THE GAP FURTHER ON THE ISSUES OF PRINCIPLE, THOUGH NOT ON ALL THE DETAILS, BEFORE PROCEEDING TO A HIGH-LEVEL MEETING. THEY COULD NOT AFFORD THE RISK OF THE LATTER BREAKING DOWN, WHICH THEY STILL SUSPECT IS DENKTASH'S PERSONAL AIM, IF NOT THAT OF THE TURKISH GOVERNMENT.

3. IACOVOU DISAGREED WITH MY SUGGESTION THAT THE PROXIMITY TALKS MIGHT HAVE BEEN TAKEN AS FAR AS THEY COULD BE, AND THAT OUTSTANDING ISSUES COULD NOW BE RESOLVED ONLY THROUGH FACE-TO-FACE NEGOTIATION. IN DISCUSSION IT EMERGED THAT THE GREEK CYPRIOT ORDER OF PREFERENCE SEEMED TO BE :-

- (A) CONTINUE THE THIRD ROUND FOR AS LONG AS NECESSARY OR PRACTICAL AFTER 10 DECEMBER. IACOVOU DID NOT SEE WHY PEREZ DE CUELLAR SHOULD HAVE TO BREAK OFF ON THAT DATE.
- (B) HAVE A FOURTH ROUND IN JANUARY. IACOVOU ARGUED THAT, WHEREAS THE FIRST AND SECOND ROUNDS HAD CERTAINLY JUSTIFIED PEREZ IN NOT ENVISAGING MORE THAN A THIRD AND FINAL ROUND, NOW WAS PRECISELY THE MOMENT WHEN A FOURTH ROUND WOULD BE JUSTIFIABLE.
- (C) HAVE A LOWER-LEVEL PREPARATORY MEETING FOR A HIGH-LEVEL MEETING, BUT WITH THE DATE FOR THE LATTER TO BE FIXED ONLY AT THE PREPARATORY MEETING (PRESUMABLY AS A FUNCTION OF THE DEGREE OF PROGRESS MADE AT IT).

4. CONSTITUTION,

IACOVOU (AS IN UKMIS NEW YORK TEL NO 1418) AGAIN GAVE PRIDE OF PLACE TO HIS FEARS ABOUT THE UNWORKABILITY OF GOVERNMENT UNDER THE VETO POWERS CLAIMED BY THE TURKISH CYPRIOTS. HE MADE CLEAR, HOWEVER, THAT HE WAS LESS CONCERNED ABOUT THE LEGISLATURE (SINCE THE LEGISLATIVE PROCESS BY ITS NATURE ALLOWED TIME FOR PRENEGOTIATION AND FOR THE RECONCILIATION OF VIEWS, WHICH HE HOPED WOULD BECOME MORE PARTY-POLITICALLY THAN ETHNICALLY ORIENTED) THAN ABOUT THE EXECUTIVE (WHERE INSTANT DECISIONS WERE OFTEN NEEDED). HE TOOK PARTICULAR EXCEPTION TO THE REQUIREMENT THAT THE VOTE OF ONE TURKISH CYPRIOT MINISTER WOULD BE NEEDED TO VALIDATE ANY DECISION BY THE COUNCIL OF MINISTERS. HE FEARED THAT THE TURKISH CYPRIOTS, IF THEY WANTED SOMETHING, WOULD USE THIS PROVISION AS A LICENCE TO VETO ALL OTHER BUSINESS UNTIL THEY GOT IT. BUT HE WAS SURE THAT THE GAP ON SAFEGUARDS WAS BRIDGABLE.

5. IN ANSWER TO MY POINT ABOUT PART OF THE ANSWER LYING IN LEAVING AS MUCH POWER AS POSSIBLE TO THE PROVINCES, IACOVOU MADE TWO POINTS :-

- (A) NOW THAT AGREEMENT HAD BEEN REACHED ON THE AREAS FOR FEDERAL JURISDICTION, WE SHOULD AT THIS MOMENT CONSOLIDATE THAT, RATHER THAN UNRAVEL IT. BUT IF "AT A LATER STAGE" A REDUCTION OF FEDERAL JURISDICTION COULD HELP TOWARDS AN AGREEMENT ON SAFEGUARDS, THIS COULD BE CONSIDERED.
- (B) ON THE OTHER HAND, THE TURKISH CYPRIOTS HAD A FINANCIAL INCENTIVE TO PLACE THINGS LIKE HIGHWAYS UNDER FEDERAL JURISDICTION SO THAT THEY WOULD BE FUNDED FROM THE FEDERAL BUDGET. THIS HAD PROBABLY PLAYED A PART IN DENKTASH'S ACCEPTANCE OF THE SECRETARY-GENERAL'S LIST. IT WOULD BE MORE DIFFICULT POLITICALLY TO ENVISAGE AN OPEN GREEK CYPRIOT SUBSIDY TO THINGS LIKE TURKISH CYPRIOT ROADWORKS, IF THESE WERE A PROVINCIAL RESPONSIBILITY.

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6. TERRITORY.

IACOVOU WANTED TO TIE THE TURKISH SIDE DOWN TO THE CRITERION OF THE NUMBER REFUGEES WHO WOULD BE RESETTLED, DEFINING THIS NOT IN TERMS OF PEOPLE FOR WHOM HOUSES COULD BE BUILT IN THE AREAS CONCERNED, BUT IN TERMS OF 'RETURNEES', IE PEOPLE WHO WERE ACTUALLY LIVING THERE IN 1974, AND WHO COULD RETURN TO THEIR OWN HOMES. THIS WOULD OBVIOUSLY UP THE ANTE, AND I WARNED IACOVOU AGAINST IT, POINTING OUT THAT IT WAS A MAJOR STEP FORWARD THAT THE TURKISH SIDE HAD EVEN AGREED TO TALK IN TERMS OF PERCENTAGES. THE GREEK CYPRIOTS SHOULD NOT PRESS THEIR LUCK TOO FAR.

7. THE OTHER TERRITORIAL ISSUE WAS THE EXTENT OF VAROSHA. (NO MENTION WAS MADE OF MORPHOU). I TOLD IACOVOU THAT HE WOULD NOT STAND A HOPE OF GETTING A CONCESSION ON THE MUNICIPAL AREA OF GREEK FAMAGUSTA AT THIS STAGE, BUT THAT IT WOULD BE REASONABLE FOR HIM TO TRY TO KEEP THE ISSUE OPEN FOR AN EVENTUAL HIGH-LEVEL MEETING. I HAD THE IMPRESSION THAT DENKTASH WAS KEEPING A POSSIBLE CONCESSION ON FAMAGUSTA AS THE ACE UP HIS SLEEVE (THE GREEK COUNSELLOR HAS HEARD THAT, AFTER KYPRIANOU'S DEPARTURE FROM NEW YORK, MAVROMMATIS WAS GIVEN SOME INDICATION OF THIS BY PEREZ DE CUELLAR). IACOVOU INDICATED THAT HE MIGHT BE SATISFIED IF THE TURKISH SIDE CONCEDED THAT THE AREA OF 'VAROSHA' WAS NEGOTIABLE.

8. I AM SURE IT WAS ONLY BECAUSE WE RAN OUT OF TIME THAT IACOVOU DID NOT RAISE THE QUESTION (COVERED IN KYPRIANOU'S LETTER) OF THE TIMING OF TURKISH TROOP WITHDRAWALS IN RELATION TO THE ESTABLISHMENT OF A TRANSITIONAL FEDERAL GOVERNMENT. MY GREEK COLLEAGUE HAD GONE ON ABOUT THIS AT LENGTH TO MY COUNSELLOR AT DINNER ON 4 DECEMBER, SAYING THAT THE GREEK GOVERNMENT MIGHT HAVE TO SEND A MATCHING FORCE OF GREEK TROOPS HERE TO HOLD THE RING UNTIL A PROCESS OF MATCHING WITHDRAWALS ON BOTH SIDES WAS COMPLETED.

9. AS I WAS LEAVING, I DARED TO TOUCH LIGHTLY ON TWO HITHERTO TABOO SUBJECTS :-

(A) I SAID THAT I FORESAW DIFFICULTIES OVER THE GREEK CYPRIOT DEMAND FOR THE REMOVAL OF TURKISH SETTLERS, ESPECIALLY THOSE WHO HAD BEEN GIVEN TURKISH CYPRIOT CITIZENSHIP. IACOVOU SPLUTTERED A BIT AND SAID THAT :-

(1) THE GRANTING OF TURKISH CYPRIOT CITIZENSHIP HAD BEEN ILLEGAL AND WAS THEREFORE IRRELEVANT.

(1) THE SETTLERS MUST GO IN ORDER TO MAKE ROOM FOR THE TURKISH CYPRIOTS DISPLACED UNDER THE TERRITORIAL SETTLEMENT AS WELL AS FOR AT LEAST A LIMITED NUMBER OF GREEK CYPRIOTS TO RESETTLE IN THE TURKISH CYPRIOT AREA. (IACOVOU ADDED, AS HE HAS SAID BEFORE, THAT WHILE HE WAS PREPARED FOR THE PRINCIPLE OF FREEDOM OF RESIDENCE TO BE REGULATED, HE WAS NOT PREPARED FOR THIS TO BE DONE IN A WAY THAT NEGATED IT).

(B) IN THE CONTEXT OF (1) ABOVE AND OF IACOVOU'S EARLIER INVOCATION OF BRITISH EXPERIENCE, AS A FORMER IMPERIAL POWER, IN DEALING WITH CONSTITUTIONAL PROBLEMS, I RECALLED TO HIM THAT I THOUGHT THAT IN THE RHODESIAN SETTLEMENT, IN ORDER NOT TO LEAVE A LEGAL VACUUM, WE HAD FOUND OURSELVES OBLIGED TO GRANT A KIND OF

SETTLEMENT, IN ORDER NOT TO LEAVE A LEGAL VACUUM, WE HAD FOUND OURSELVES OBLIGED TO GRANT A KIND OF "LEGAL AMNESTY" TO THE ACTS OF THE ILLEGAL SMITH REGIME. (I SHOULD BE GRATEFUL FOR GUIDANCE FROM THE DEPARTMENT ON THIS). IT WAS CLEAR TO ME THAT THIS HAD NOT ENTERED IN IACOVOU'S CALCULATIONS IN RELATION TO A CYPRUS SETTLEMENT.

CONCLUSION.

10 THIS WAS NOT A PARTICULARLY ENCOURAGING CONVERSATION BUT I WOULD NOT TAKE EVERYTHING THAT IACOVOU SAID AT FACE VALUE. THERE WAS PROBABLY A TACTICAL ELEMENT IN IT OF GIVING AWAY NOTHING IN ADVANCE. (FOR EXAMPLE, I AM SURE THAT IACOVOU WOULD NOT HAVE MENTIONED THE FALLBACK POSITION AT PARA 3(C) ABOVE IF I HAD NOT SHOWN THAT I HAD HAPPENED ALREADY TO KNOW ABOUT IT). THE GREEK CYPRIOTS MAY BE READY TO BE MORE REASONABLE THAN APPEARS ON THE SURFACE. WHILE KYPRIANOU MUST BE SEEN TO BE FIGHTING THE GOOD FIGHT FOR THE BEST DEAL HE CAN GET, HE CAN ALSO NOT AFFORD TO BE SEEN AS THE ONE RESPONSIBLE FOR DITCHING THE PROSPECTS OF THE DEAL. ALL THE SAME, I FEAR THAT THE SECRETARY-GENERAL WILL HAVE A DIFFICULT TIME WITH HIM IN NEW YORK THIS WEEKEND AND THAT HE WILL NEED TO BE VERY FIRM IN WEENING KYPRIANOU AWAY FROM EXCESSIVE PRE-CONDITIONS FOR A HIGH-LEVEL MEETING.

11. BECAUSE OF GREEK CYPRIOT MAKE-OR-BREAK FEARS ABOUT GOING TO A HIGH LEVEL MEETING BEFORE ALL THE MAIN ISSUES HAVE BEEN BUTTONED UP, IT OCCURS TO ME THAT BEFORE HOLDING A HIGH LEVEL MEETING WHICH WOULD BE EXPECTED TO FINALISE AN AGREEMENT, IT MIGHT BE USEFUL TO SUGGEST ONE OR MORE HIGH-LEVEL "DISCUSSION MEETINGS" UNDER THE SECRETARY-GENERAL'S CHAIRMANSHIP FOR THE PURPOSE OF FACE TO FACE NEGOTIATION ON THE REMAINING ISSUES. I WOULD NOT EXPECT MUCH TO RESULT FROM A LOWER-LEVEL PREPARATORY MEETING (PARA 3(C) ABOVE).

12. FCO PLEASE PASS SAVING ADDRESSEES.

WILBERFORCE

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