

E. R.
PRIME MINISTER

MR. PAPANDREOU

You have a tete-a-tete at 11 o'clock (with notetakers if you wish). At 11.30 there will be a plenary in the Cabinet Room with the following in attendance:

Foreign and Commonwealth Secretary
(who has to leave at 12.30 to make
a speech at Chatham House)

Mr. Rhodes (our Ambassador)

Sir Julian Bullard

Mr. Hannay

Mr. Gregory Varfis
(Under-Secretary for
Foreign Affairs
responsible for EC matters)

Mr. Christos Mahairitsas
(Head of Papandreou's
Diplomatic Cabinet)

Mr. Yiannis Papanicolaou
(Papandreou's Economic
Adviser)

I attach cards for the tete-a-tete and the plenary.

Papandreou wants to concentrate largely on EC issues. (He will probably be fairly well briefed and I recommend that you read the relevant briefs in full.)

I should also draw your attention to the fact that you have had a number of messages from Mr. Francis Noel-Baker asking you to raise with Papandreou his property problems. I attach a letter from the FCO which sets out the details but contains the recommendation that you should not single out Mr. Noel-Baker's case in your talks with Mr. Papandreou. On the other hand, you probably ought to raise the case of the many British citizens who are concerned about their property in Greek frontier areas (see brief).

A.J.C.

3 November 1983

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Foreign and Commonwealth Office

London SW1A 2AH

2 November 1983

Dear John,

Visit of Greek Prime Minister: 4 November

I enclose three copies of briefing prepared by the Foreign and Commonwealth Office for the Prime Minister's use in her talks with Mr Papandreou at 11 a.m. on 4 November.

*Very
yours
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

*- Ov set given
to BI*

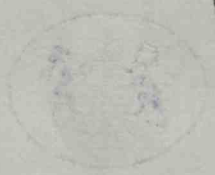
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Creece: Visit by Papantreas

UNITED STATES DEPARTMENT OF THE INTERIOR

BUREAU OF LAND MANAGEMENT

OUT 80





VISIT OF THE GREEK PRIME MINISTER, 4 NOVEMBER

LIST OF BRIEFS

Steering Brief

- 1 Bilateral Relations
- 2 EC
 - (a) General
 - (b) Future Financing
 - (c) CAP and Structural Fund, including IMPs
 - (d) Greek Memorandum
3. European Political Cooperation
- 4 Defence and Arms Control
- 5 East/West Relations
- 6 Eastern Mediterranean
 - (a) Cyprus
 - (b) Greece/Turkey
 - (c) Lebanon
- 7 Falklands



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AGENDA

- | | | |
|----|---|----------------|
| 1. | Bilateral Relations | Brief No. 1 |
| 2. | EC | |
| | (a) General | Brief No. 2(a) |
| | (b) Future Financing | Brief No. 2(b) |
| | (c) CAP Structural Fund
(including IMPS) | Brief No. 2(c) |
| | (d) Greek Memorandum | Brief No. 2(d) |
| 3. | European Political Cooperation | Brief No. 3 |
| 4. | Defence and Arms Control | Brief No. 4 |
| 5. | East/West Relations | Brief No. 5 |
| 6. | Eastern Mediterranean | |
| | (a) Cyprus | Brief No. 6(a) |
| | (b) Greece/Turkey | Brief No. 6(b) |
| | (c) Lebanon | Brief No. 6(c) |
| 7. | Falklands | Brief No. 7 |

Note

No formal agenda has been agreed: but both sides have accepted that the talks should draw on the foregoing list of subjects.

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VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER

STEERING BRIEF

Introduction

1. This is Papandreou's first working visit to the UK as Prime Minister. He came to London and called on the Prime Minister in November 1980 when leader of the Greek opposition. (He frequently recalls that visit and feels that he established a rapport with the Prime Minister.) He also attended the European Council in London in November 1981, shortly after becoming Prime Minister.

2. In the Greek tradition, Papandreou is the founder and central figure in his party. He takes all important decisions and is ruthless with subordinates who step out of line. An astute manager of publicity, his personal popularity is a key to his party's success. He can be very reasonable in private discussion but has a strong demagogic streak in public.

3. This visit follows that of the Greek Deputy Foreign Minister, Capsis, who called on the Foreign and Commonwealth Secretary and had talks with Baroness Young.

Programme, Agenda and Tactics

4. A copy of the programme and agenda is at Annex A. Personality notes on Mr Papandreou and his party are at Annex B. A background note on Greece is at Annex C, and basic statistics at Annex D.

5. The talks will begin with a half an hour tête à tête. The Prime Minister may like to express pleasure at Greek support for Lord Carrington's candidature for the Secretary Generalship of NATO. She could use the opportunity to press for a Greek abstention on the Argentine Falklands resolution and to express our concern at the damage which Papandreou's proposal for a 6-month delay in INF deployment is doing to the Alliance position. The Prime Minister might then speak about the danger of attempting, for the

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sake of 'success' as Presidency, to push solutions not fully acceptable to us as a major party with fundamental interests at stake. This would provide a natural lead into discussion of EC issues with full delegations.

EC


6. Papandreou wants to concentrate on EC issues. He will also be visiting Paris and Bonn and probably other European capitals before the Athens European Council. He will be accompanied by Varfis (Minister with responsibility for European Affairs) who has been chairing meetings of the Special Council.

7. Although the Greeks have not directed the negotiations very effectively so far, we can commend their efforts (they are new to it all). But we should emphasise that we have certain unbreakable requirements (future financing and the CAP) which can only be solved by hard negotiation and not by arbitrary compromise. Rather than trying to forge such compromises, the Greeks would do better to concentrate on generating momentum for decisions at Athens; do more to sum up the position reached in negotiation; and ensure that necessary follow-up work is done.

8. In deciding our approach to EC questions affecting Greek national interest (eg the Greek Memorandum) we shall need to bear in mind the significant role of the Greek Presidency in handling the post-Stuttgart negotiations and should try to ensure that they maintain a broadly positive approach. Brief no 2 a (Community General Brief) relates our objectives for Athens to those of Papandreou as President of the European Council and as Greek Prime Minister. It includes a separate steering brief on EC issues.

Other

9. Papandreou's conduct of foreign policy is high-profile, self consciously independent, and tailored to a narrow perception of Greek national interests. It is intended to camouflage a lack of success in economic policy and the dropping of election pledges


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European Political Co-operation (Brief no 3)

15. We shall not wish to raise the subject of Greek performance in PoCo. If raised we should express regret at recent events and confirm our commitment to the PoCo principle.

Defence and Arms Control (Brief no 4)

16. Mr Papandreu should be told firmly of our views on INF (with which he disagrees), of our concern at the effect Greece-Turkish problems on the unity of NATO. We should refer to our continuing hopes for the sale of Tornado to Greece.

East/West Relations (Brief no 5)

17. We can compare assessments of present state of East/West relations and stress allied determination to see through INF deployment. On Poland we wish to exchange views on present state of Western thinking, and on Afghanistan to ensure a large majority for the fourth UNGA resolution.

Eastern Mediterranean

Cyprus (Brief no 6 a)

18. We should tell the Greeks that we have been active in heading off a Turkish Cypriot declaration of independence: we would not recognise a Turkish Cypriot 'state'. We should make it clear that we back the efforts of the UN Secretary General. if he is to make progress both sides in Cyprus, and their supporters, must avoid provocative moves and empty propaganda point scoring. We may need to resist attempts by Papandreu to claim that our policies on Cyprus are now identical. (They are not although they coincide on opposition to Turkish Cypriot UDI. It would undermine our position with Turks and Turkish Cypriots if it was stated authoritatively that they were).

Greece/Turkey (Brief no 6 b)

19. We should urge the Greeks to seek dialogue with the Turks, and exercise restraint in their bilateral relations.

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/Lebanon



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to leave NATO and the EC and to remove US bases from Greece. Greek attitudes to Turkey colour it all. But the Greek style has occasionally backfired, eg over the Korean airliner incident, and there are some signs of a new willingness to adapt themselves to their partners' views as a result. Outside pressure is unlikely to bring about major changes and the UK has little leverage. But we may be able to reduce Papandreou's tendency to make damaging public statements by making clear our own vital interests (eg over INF deployment and the British and French deterrents), and by emphasising that there are limits to the tolerance of Greece's partners.

10. The briefs allow for a discussion of the main current international issues. In addition we need to remonstrate about Greek behaviour in NATO and about the ownership of property in Greek frontier areas (which only Papandreou can resolve).

11. In spite of the need to be critical, it would be useful to have some positive outcome to present in public. The most appropriate areas are EC issues, and commercial relations.

Summary of Briefs

12. A copy of the agenda is attached at Annex A.

Bilateral Relations (Brief no 1)

13. We will wish to press for a solution to the Frontier property problem and encourage the development of commercial relations. If Papandreou raises the issue, we should defend our position on the Elgin Marbles

EC Issues (Briefs no 2 a -2 d)

14. A steering brief to cover EC issues is provided by European Community: General Brief (Brief no 2 a).

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/European



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Lebanon (Brief no 6 c)

20. We wish to explain MNF troop contributors' current thinking on the role of the force following the recent bomb attacks on American and French troops; to hear of developments concerning deployment of Greece/Italian observers; and to discuss whether there is anything more The Ten can usefully do to help promote reconciliation between Lebanese factions.

Falklands (Brief no 7)

21. We are seeking to persuade the Greeks to alter their position on the Falklands at the General Assembly, and to abstain on the draft resolution the Argentines are now circulating.

FOREIGN AND COMMONWEALTH OFFICE

2 November 1983

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VISIT OF THE GREEK PRIME MINISTER, 4 NOVEMBER

Programme3 November

2.40 pm

Arrive London Heathrow, Olympic Airways Special Flight. Met by Lord Trefgarne.

4 November

11.00 am to 11.30 am

Tête-à-tête with the Prime Minister.

11.30 am to 1.00 pm

Talks with the Prime Minister. The Secretary of State for Foreign and Commonwealth Affairs will attend with officials.

1.00 pm for

1.15 pm

Lunch hosted by the Prime Minister at No 10 Downing Street.

7.30 pm

Reception at the Greek Embassy.

5 November

1.00 pm

Depart London Heathrow, Olympic Airways Special Flight.

A G E N D A

- | | | |
|----|---|----------------|
| 1. | Bilateral Relations | Brief No. 1 |
| 2. | EC | |
| | (a) General | Brief No. 2(a) |
| | (b) Future Financing | Brief No. 2(b) |
| | (c) CAP and Structural Fund
(including IMPS) | Brief No. 2(c) |
| | (d) Greek Memorandum | Brief No. 2(d) |

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- | | | |
|----|---------------------------------|----------------|
| 3. | European Political Co-operation | Brief no. 3 |
| 4. | Defence and Arms Control | Brief No. 4 |
| 5. | East/West Relations | Brief No. 5 |
| 6. | Eastern Mediterranean | |
| | (a) Cyprus | Brief No. 6(a) |
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| 7. | Falklands | Brief No. 7 |

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PAPANDREOU, ANDREAS

Prime Minister, Defence Minister and leader of PASOK. Deputy for Athens A.

Born Chios 1919, the son of former Prime Minister George Papandreou. Educated at Athens College (where at the age of 15 he founded a marxist magazine called 'Start'), he studied law at the University of Athens. Fell foul of the Metaxas regime because of Trotskyist sympathies and left Greece for the United States where he served in the US Navy and subsequently pursued a distinguished career as an academic economist at Harvard, Berkeley and elsewhere from 1942 to 1960. In 1961, during a visit to Greece on a Fulbright scholarship, he established at Karamanlis' invitation, a new economic research centre in Athens, of which he became director. In 1964 he stood successfully for parliament in his father's Centre Union party. His father appointed him Minister to the Prime Minister and subsequently Deputy Minister of Coordination. In November 1964 he was obliged to resign over the award of a contract to the husband of a woman friend. In April 1965 he was reappointed Deputy Minister of Coordination. In 1965 he was alleged to be the political leader of ASPIDA, a conspiratorial group of left-wing army officers. He was thus at the centre of the controversies which allowed the intervention of the Palace and dismissal of the George Papandreou government, and led towards the military dictatorship.

Arrested on the night of the 1967 coup, he was detained until Christmas of the same year when he was granted amnesty following the intercession of President Johnson and others. After allegedly giving an undertaking not to engage in political activity abroad he was allowed to leave Greece with his wife and family in January 1968. Went to Paris and London, where he forthwith began a campaign against the regime, founding the Panhellenic Liberation Movement (PAK). In 1968 he accepted the Swedish Government's offer of a visiting Professorship at the University of Stockholm, and in 1969 became Professor of Economics at York University in Canada.

PASOK, the radical socialist party which he formed on his return to Greece in 1974 and which inherited some of the conspiratorial methods of its predecessor PAK, did not do well in the year's election but doubled its share of the vote in 1977 to become the main opposition party and nearly doubled it again in October 1981 to win a comfortable majority with 48% of the popular vote.

Reputedly a Trotskyist in 1940, Papandreou became a liberal economist in the US, campaigning for Adlai Stevenson in 1952 and becoming a strong Kennedy supporter in later years. On his return to Greece he was on the left-wing of his father's Centre Union party. In exile he adopted an avowedly marxist approach and PASOK was initially established as a marxist (but not Leninist) party. In domestic policy his interest in decentralisation and cooperatives owes something to the Yugoslav model. In foreign policy, PASOK stood at first for non-alignment based on hostility to Turkey, distrust of the USA, rejection of Greece's identification with the West, support for a Mediterranean socialist grouping and for closer links with the Arab world and with Greece's northern neighbours in the Balkans. Since 1977 his foreign policy has moderated. His commitments to leave NATO and to withdraw from the EC, have been modified though they remain 'strategic goals'. The keynote of his foreign policy remains an appeal to Greek pride in national independence.

Before PASOK's victory in 1981, Papandreou was more moderate and rational in private than was suggested by some of his histrionic public appearances. The dominant, if not necessarily the best, public speaker in Greece, his demagogic oratory and slogan-mongering have a strong appeal to the young and less privileged. Since becoming Prime Minister he has generally made his private manner (a reasoned, academic air) his public face too. But, as befits the author of the entry on



"Risk" in the Encyclopaedia Britannica, he is a calculating tactician. His is also, amongst his associates, autocratic in manner and disinclined to forgive anyone within his circle who has challenged his authority, On the other hand, having succeeded in concentrating power in his own hands within PASOK and now in government, he is sometimes indecisive in action, and often unhappy with the performance of his subordinates. Moreover although the general principles of his political thinking have remained fairly consistent over the years, it is often difficult to judge where he stands on particular issues as he is apt to agree with any interlocutor (or to give impression of agreeing). There were doubts about his health two years ago, but he now appears much fitter.

Papandreou's character is difficult to analyse. Most people who meet him are impressed by his charm and intelligence. But his oratory can be irresponsible, and his political opponents accuse him of deviousness and ruthlessness. Ambition is probably the key; and experience has taught him realism - which suggests that the answer to the question whether the real Papandreou is the moderate or the doctrinaire is that he is neither. His actions will depend on his calculation of the balance of political forces at the given time. And at present he is well aware of the limited scope for radical, or extreme, policies.

Married (see separate entry on his wife Margaret) with 4 children. Speaks excellent English and serviceable French.



VARFIS, GREGORY

Under Secretary for Foreign Affairs (with responsibility for EC questions). Not a Deputy.

Born Athens 1927. Studied law and economics in Athens and Paris, in the latter case while working as a journalist for French radio. Worked for the OECD from 1958-63. In 1964 joined the Greek Permanent Representation to the European Communities as an economic adviser. After the fall of the dictatorship in 1974 returned to Greece to head the General Directorate for EC Affairs in the Ministry of Coordination. Resigned in 1977 in protest at the conduct of the Accession negotiations, and went over to the private sector as managing director of a building materials company. First offered his services to PASOK in 1979 and became their main expert on Community questions. Attended a Wilton Park conference in 1980.

A very able administrator with a first class grasp of the minutiae of Community business. A technocrat rather than a politician, his moderate, pro-Community line seems progressively to have swayed his more doctrinaire, less enthusiastic colleagues.

Married with two children. Good English and better French.



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NIKOS KYRIAZIDES

GREEK AMBASSADOR

Kyriazides (pronounced KEE-REE-AZ-EETH-EES) was born in Athens in 1927. Read Philosophy, Politics and Economics at Oxford, and later studied at the University of Chicago and the World Bank.

After service in the Ministry of Coordination 1949-54, he became involved in banking until the Colonels' coup in 1967 when he resigned. He subsequently became Adviser to the Cyprus Government on its relations with the EC having maintained a close interest in the Cyprus problem since 1960 when he accompanied the Greek Foreign Minister to the London Conference on Cyprus. A passionate advocate of the Greek Cypriot case.

1974-1977, Deputy Governor of the Bank of Greece and leader of the Delegation negotiating Greece's accession to the EC. Until his appointment as Ambassador in London in October 1982 he again advised the Cyprus Government, as well as many companies.

Kyriazides' appointment as Ambassador was a surprise. He was widely expected to become Governor of the Bank of Greece. Seems to be finding it difficult to find his feet in his new role. So far he has not been an effective advocate of Greek policies, and appears to be excessively suspicious of British intentions particularly in the EC and over Cyprus.

Married with two children. His son (aged 15) has just started at the City of London School. His daughter (aged 17) is still studying in Athens. Speaks impeccable English and fluent French. Interested in modern art.

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MAHAIRITSAS, CHRISTOS

Diplomatic Adviser to the Prime Minister. MFA Special Adviser on International Law.

Born 1933, Athens. Studied law and economics at the University of Paris and the Academy of International Law at The Hague. Legal Adviser OECD 1959-66. During the dictatorship he taught public international law at the University of Athens. From 1975, special adviser to the MFA on International Law, taking part in negotiations with Turkey over air space, with the United States over the bilateral defence agreement and with NATO over re-accession to the military wing.

Though he has come under fire from Left wing critics for alleged academic association with pro-junta professors during the dictatorship period, his political roots lie in the centre and he admits to having joined the MFA in 1975 through the patronage of Mavros (qv). It is assumed that in the period before the 1981 election he kept PASOK informed unofficially of developments in the MFA.

Painstaking and discreet. Papandreou relies on his advice in matters of detail. Unmarried. Speaks excellent English and French.



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YIANNIS PAPANICOLAOU

The Prime Minister's Economic Adviser

Age 33

He studied economics at Athens and the LSE and lectured at Queen Mary College and the LSE, where his students included Papandreou's youngest son Andrikos. Papanicolaou returned to Greece before the 1981 elections at Papandreou's request and helped draft PASOK'S manifesto. A dedicated socialist he has been much involved in recent discussion between European socialist parties on a more coordinated approach to economic policy.

A pleasant interlocutor, who speaks good English.

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VISIT OF GREEK PRIME MINISTER, 4 NOVEMBER 1983

GREECE: INTERNAL

ESSENTIAL FACTS

1. Papandreu's PASOK (Socialist) Government came to power in October 1981 with a clear majority (172 seats out of 300), ending seven years of New Democracy (Conservative) rule. PASOK have made progress on the social front, eg by permitting civil marriage, recognising the wartime resistance (including the Communists) and carrying out educational reforms. But they have been less successful in dealing with the economic problems of high inflation, low growth and rising unemployment.
2. In October 1982 PASOK lost ground to the Communists in the municipal elections, probably because of dissatisfaction at their slow progress in implementing their left-wing manifesto (the Communists won about 23% of the vote; PASOK about 36%). The economy has remained the biggest problem. The Government were forced to introduce an incomes policy in December 1982. In January 1983 the drachma was devalued by 15.5%. In early June the Government introduced new anti-strike legislation in an attempt to curb increasing industrial unrest. There remains considerable international concern that the Greeks are not getting a grip on the economic situation, and have recently taken doctrinaire socialist measures (eg the take-over of the Heracles Cement Company).
3. Papandreu, who founded PASOK, keeps his party on a tight rein. He is ruthless with those who step out of line. All important decisions are taken by him personally.
4. Many of Pasok's election promises have had to be dropped. Full indexation of wage increases went because of the economic situation (though Papandreu has promised it again for 1984). A

/more



more pragmatic assessment of external realities has led to the dropping of pledges to withdraw from NATO and the EC. The agreement reached in September over the US bases in Greece has been hailed by PASOK as a fulfilment of its promise to remove them; but in fact it provides for continuation for 5 years. This allows the bases to remain beyond the life-time of this parliament and possibly beyond, as left-wing critics have not been slow to point out.

5. Shifts of policy on all these issues mean that Papandreou has to look for other ways of asserting his left-wing credentials. His main instrument has been a high profile foreign policy, anti-Turkish, anti-American, critical of NATO (especially over nuclear policy) and uncooperative in European Political Cooperation. Aggressive assertion of Greek national views has been popular with the electorate. But handling of some of these issues, especially the Korean Airline disaster, has also led to criticism particularly from Greece's partners, and there are some signs that this has had a salutary effect.

6. PASOK's difficulties have led to speculation in Greece about elections to coincide with the European Parliamentary elections in June 1984 (elections are otherwise due in October 1985). But Papandreou is more likely to hang on: he has a secure majority, and is not under any serious threat from the opposition Conservative New Democracy Party.

Foreign and Commonwealth Office

1 November 1983

Greece : Basic Statistics

1	<u>Population and Land Area</u>	<u>Greece</u>	<u>UK</u>
	(a) Land Area	131,944 km ²	244,046 km ²
	(b) Population (1981)	9.7m	56.0m
	(c) Population Growth Rate (1970-1980)	0.9% p.a.	0.1% p.a.
2.	<u>Economic</u>		
(i)	<u>Gross National Product</u>	<u>1981</u>	<u>1981</u>
	(a) Total (US\$m)	42,890	510,310
	(b) Growth Rate (1970-1980) (% p.a.)	4.6	0.4
	(c) Position in Total GNP League Table	32	5
	(d) Per Capita (US\$)	4,420	9,110
	(e) Position in Per Capita League Table	46	26
(ii)	<u>Overseas Finance</u>	<u>1982</u>	<u>1982</u>
	(a) <u>Exchange Rates</u>		
	against US\$	Drachma 66.803	£ 1.7505
	against £	116.939	-
	(b) <u>Balance of Payments (US\$m)</u>	<u>1982</u>	<u>1982</u>
	Exports	4,141	97,047
	Imports	-8,910	-93,318
	Invisibles and Transfers (net)	2,877	3,267
	Current Account	-1,892	6,996
	Capital Account	1,733	2,584
	Balancing Item	47	-6,298
	Overall Balance	-112	3,282
	(c) <u>International Reserves (US\$m)</u>	<u>1982</u>	<u>1982</u>
	Total Reserves	861.1	12,397
	Months of Imports Covered	0.9	1.11
(iii)	<u>Foreign Trade</u>		
	(a) <u>Main Exports 1982</u>		
	<u>Greece</u>	<u>%</u>	<u>UK</u>
	Basic Manufactures	33.9	<u>%</u>
			Machinery & Transport 32.6
			Equipment
			/Food & Live Animals

<u>Greece</u>	<u>%</u>	<u>UK</u>	<u>%</u>
Food & Live Animals	20.7	Fuels	20.2
Misc. Manufactured Items	13.0	Basic Manufactures	14.3
Mineral Fuels	9.5	Chemicals	11.0
Crude Materials, excl. Fuels	7.1	Miscellaneous Manufactures	9.3

(b) Main Export Markets 1982

<u>Greece</u>	<u>%</u>	<u>UK</u>	<u>%</u>
FRG	19.0	USA	13.4
Italy	8.8	FRG	9.7
USA	8.7	Netherlands	8.4
France	7.0	France	8.1
Saudi Arabia	6.4	Iceland	5.2
<u>/UK</u>	<u>4.87</u>		

(c) Main Imports 1982

<u>Greece</u>	<u>%</u>	<u>UK</u>	<u>%</u>
Manufactures	68.2	Manufactures	65.1
Foodstuffs	7.7	Foodstuffs	11.3
Oil	14.7	Oil	13.0

(d) Main Import Sources 1982

<u>Greece</u>	<u>%</u>	<u>UK</u>	<u>%</u>
FRG	17.0	FRG	13.0
Saudi Arabia	10.9	USA	11.7
Italy	9.2	Netherlands	7.9
Japan	8.1	France	7.5
Libya	7.1	Belg/Lux	5.0
<u>/UK</u>	<u>3.67</u>		

(e) UK Trade with Greece (US\$m)

	<u>1975</u>	<u>1982</u>
Total UK Imports	65.3	151.7
Total UK Exports	117.4	255.3
Real Growth of Exports (five years ending)	-	0.3% p.a.
Position in UK Export League Table	33	34(of 197)

(iv) Development Aid (US\$m)

(a) Reported Aid Receipts 1981

From: DAC Countries on a bilateral basis	7.1
(of which UK)	(-)
Multilateral Organisation	5.7

(b) Aid per head 1980

(i) Greece	1.3
(ii) All LDC's	-

(v) Inflation 1982 % p.a.

	<u>Greece</u>	<u>UK</u>
Consumer Price Index	21.0	8.6

/(vi) Overseas Debt

<u>(vi) Overseas Debt</u>	<u>Greece 1981 %</u>	<u>UK 1982 %</u>
(a) Debt Service Ratio	17.3	NOT AVAILABLE
(b) Overseas Debt/Exports	75.7	5.4
(c) Overseas Debt/GNP	14.8	1.8
 <u>(vii) Overseas Direct Investment 1978 £ m</u>		
(a) UK Investment in Greece (Total UK Investment Overseas)	20.3	19,214.8)
(b) Greek Investment in UK (Inward Direct Investment in UK)	0.4	10,949.2)

3. Composition of Parliament

PASOK (Socialist)	169
ND (New Democracy, Conservative)	111
KKE (Communist)	12
Others	8
	<hr style="width: 50px; margin-left: auto; margin-right: 0;"/>
	300

Last election : October 1981

Next election : by October 1985



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VISIT OF GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 1:

BILATERAL RELATIONS

POINTS TO MAKE

1. Glad to see increasing exchange of ministerial visits. We should build up habit of consultations.

British Property

2. Cause of parliamentary and public concern here. Hope a way will soon be found to resolve uncertainty and to assure titles of ownership.

Economic and Cultural Relations

3. Scope to develop economic and commercial relations. Anglo-Greek Energy Seminar on 20/21 October was a useful step. Many British firms with much to offer. Award of a major public sector contract would be a welcome boost, eg if British Rail Engineering Ltd could find a Greek partner for rolling stock contract. NEI Parsons are interested in Megalopolis Power Station. Hope Greek government will give approval for cooperation between Steyr-Hellas and Leyland Buses.

Elgin Marbles [If Raised]

4. Official request is under consideration. Consulting British Museum who are legal owners. Share Greek desire that this should not become a political issue.

5. [If pressed on statement immediately after request] We stated HMG's position. Greek request is new factor and being considered carefully.

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ESSENTIAL FACTS

1. Relations are generally friendly: close historical and personal ties. But idiosyncrasy and assertiveness since Papandreou took office, especially heresies in NATO and PoCo, have led to some strain.
2. We have had some success in increasing visits after a pause following Papandreou's election. Haralambopoulos to the UK in December 1982; Lord Belstead to Greece in January 1983 and Mr Rifkind in July; Capsis (Greek deputy Foreign Minister) to London 28 October. Increasingly regular exchanges between other ministries.

British Property

3. A Greek Supreme Court ruling earlier this year has cast doubt on the title to ownership by foreigners of land in certain Greek 'frontier areas'. Over a thousand Britons are affected (especially in Corfu): their property is now unsellable. We have made strong representations, including to Papandreou personally. The Greeks have promised a decision on adequate new legislation soon. We still doubt that this will secure owners' titles and thus assure value of property. Need to keep up the pressure. Frank Giles (ex-Sunday Times) has mobilised an influential pressure group.

Economic and Commercial Relations

4. Anglo-Greek trade is low and stagnant (Exports to UK £151.7m in 1982; imports £255.3m). British firms are not much interested. Main factors limiting expansion are lack of UK success in gaining major public sector contracts and worries about doctrinaire socialist policies. A success by British Rail Engineering Ltd (£150m rolling stock contracts) or NEI Parsons (£50m turbine generators for power station) could give a boost. British Rail engineering face problem of need to find a Greek partner so that they can bid for contract in which Greek Railways are showing interest.

/5. Leyland

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5. Leyland Buses have followed up the lease of 20 buses to Athens Bus Authority with proposal to assemble buses in Greece with Steyr-Hellas. If Greek government gives approval, detailed negotiations could begin with a view to start of assembly in 1984.

6. Greeks are interested in UK expertise in eg energy and pollution control fields (a joint seminar on energy took place on 20 October). Commercial spin-off hope for from this.

Elgin Marbles

7. The Greek Ambassador formally requested the return of Elgin Marbles on 12 October. He claimed that precedents existed for the return of such pieces and maintained that the Greek request was in line with UNESCO procedure. He said that the Greek Government did not want the claim to be politically acrimonious.

8. British Museum are custodians by Act of Parliament. Official reply will take account of their comments: they will not recommend their return. We should not prejudge the reply or commit ourselves to any time scale for making a reply.

Foreign and Commonwealth Office

1 November 1983

CONFIDENTIAL

A

VISIT OF THE GREEK PRIME MINISTER : 4 NOVEMBER

BRIEF NO 2A

EUROPEAN COMMUNITY : GENERAL BRIEF

1. We know that Mr Papandreou, who will be accompanied by Mr Varfis the Minister responsible for EC questions, wants to focus almost entirely on European Community matters.

2. For political reasons Papandreou would like to be able to claim that the Athens European Council was a success, and that thanks to Greek chairmanship. The visit to London should be seen in this context. He no doubt calculates that the key to success lies in London. He is nevertheless expected to visit at least one or two other Community capitals before 5 December. He also has more tangible reasons for working for success in Athens. He will hope that any package will contain benefits for Greece under the Commission's proposed IMPs and in terms of the EC's response to the Greek Memorandum.

3. The timing if his visit to London is not ideal. It will not be until after the Special Council in Greece on 9/12 November that the area for negotiation at the European Council in December will become clear. It would be premature at this bilateral meeting to give Papandreou any indication of room for compromise.

4. The visit nevertheless could be of considerable value. Papandreou is unlikely to have focused yet on the major issues for Athens. His talk with the Prime Minister is therefore an opportunity to print indelibly on his mind our view of the negotiation and our requirements if there is to be a satisfactory outcome. The Prime Minister will wish in particular to get him to understand that success in Athens cannot be built on the proposition that the two Member States which are net contributors to the Community budget should

/facilitate ...

facilitate consensus by rallying to the diametrically opposed position of the majority of Member States which are beneficiaries from the Community budget and which therefore have an obvious interest in minimising change in the budgetary system.

5. On Future Financing (Brief No 2B) the Prime Minister might emphasise that a decision on new own resources, which the Greeks want, will have to be taken at the end when we have a satisfactory settlement on the future financing of the Community and the effective control of CAP and other expenditure. It is essential that any proposal on future financing measures the real extent of the budgetary burden on the UK. Our safety net does this. We could not accept a solution based on partial measurement of the problem like the Danish convergence fund and other ideas. The Prime Minister will wish to remind Mr Papandreou that under the safety net we would remain a contributor to the Community budget. This is a major concession. Do not contest that Greece should be a major beneficiary from the Community budget; we hope Mr Papandreou will accept that the position of the UK, which is also one of the less prosperous Member States, is fair and reasonable and that he will support us.

6. On the CAP (Brief No 2C) the Greek position is unsatisfactory from our point of view. Like the UK (and Italy) the Greeks have an adverse balance on intra-Community trade on agricultural products. Logically therefore they should work with us to bring agricultural expenditure under control. But they calculate that this interest is overridden by the need, as they see it, to increase Community agricultural spending on Meidterranean products.

7. The Prime Minister will wish to stress our determination to bring agricultural spending in the Community under control by the two-pronged approach of a strict financial guideline and appropriate measures for all the main products, in

/particular...

As you said at
Stuttgart, Ag. Ministers
will always make an
excessively expensive package
each year unless they
can say to their lobby
that there is only so
much extra money available.

7 particular a tough price policy and the extension of guarantee thresholds. She will wish to emphasise that there can be no question of reproducing for the Mediterranean products the mistakes which have been made for Northern products. Already an increasing percentage of CAP expenditure goes in support of Mediterranean products. The problem of surpluses, eg olive oil and wine, is likely to become acute with enlargement.

8. The Greeks have a major interest in increased Community expenditure on structural policies (Brief No 2C). If the issue is raised, the Prime Minister will wish to sound sympathetic but to point out that the Commission's ambition to double the size of the funds in real terms over the next 5 years is unrealistic given budgetary constraints. The Commission's proposal on IMPs (Brief No 2C) are extravagant. We have no interest in their being accepted by the Community. If Papandreu refers to the IMPs, the Prime Minister may wish to say that we are far from convinced of the economic justification of this expensive programme; that we see no way in which the Community can avoid extending them to Spain and Portugal; and that a coherent approach requires that the proposals should be considered in the context of the review of the Structural Funds called for by the Stuttgart European Council.

9. Papandreu will certainly raise the question of the Greek Memorandum (Brief No 2D). We have no interest in increasing Greece's already substantial benefits from the Community budget, though we should probably be prepared at the end of the day to agree to some minor benefits for Greece which would enable Papandreu to claim that his 're-negotiation' had been a success and that there was no longer any question of Greece leaving the EC. The Prime Minister might take the line that we recognise that the Stuttgart European Council called for decisions at Athens and we are participating fully in the work of the Ad Hoc Group which is examining the Commission's proposals as

/they

they come forward.

10. Papandreou recently hosted a meeting of Mediterranean Socialist Prime Ministers at which enlargement was discussed. He may therefore raise this question with the Prime Minister. The Prime Minister will wish to stress our continued support for enlargement and our pleasure that the recent Community agreement on the reform of the Mediterranean Acquis has unblocked the way for negotiations to begin on the agricultural chapter. It is in our collective interests that both Spain and Portugal should be members of the Community by 1 January 1986 as they wish; French and Irish Presidencies will be crucial.

11. What they really want to see is agreement on key issues at Athens Summit. But in any event, Community should offer some hope for real progress in accession negotiations to Spain and Portugal in Athens conclusions.

FOREIGN AND COMMONWEALTH OFFICE

1 November 1983

VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER 1983
Brief No 2b)

EC ISSUES : FUTURE FINANCING

Points to Make

1. Pleased to note that some progress has been made in the negotiations but much work needs to be done if agreement is to be reached at the Athens Summit, now only one month away.
2. Recognise difficulty of role which Mr Varfis has had to play in the Presidency in trying to draw together the threads of agreement. Understand that the Presidency intend to circulate a text before the Special Council next week which will attempt to draw together the results of the discussion so far. It would be unwise to search in each and every case for the middle ground if no middle ground exists. On some issues the overall package cannot be balanced on such a basis. Would urge you not to put forward a Presidency compromise proposal on future financing at this stage. Essential that the alternative options including the UK safety net should be clearly identified and on the table for the negotiations in Athens on 4-6 December.
3. Clear that a majority in the Community want more own resources. But this is not an issue where majorities count. Must be unanimity for any decision on this. For at least two other Member States it is a decision which can only be balanced by satisfactory decisions on budget inequities and on the control of agricultural spending. What I said at Stuttgart holds good: in the context of a long term settlement of the Community's problems we would be prepared to consider an increase in own resources provided that we reached agreement on an effective control of the rate of increase of agricultural and other expenditure and provided that it was accompanied by an arrangement to ensure a fair sharing of the financial burden so that no country has to pay a share which is disproportionate to its relative national wealth.

4. Disappointed that Greece has given us little support. We do not contest that Greece should continue to be a substantial net beneficiary from the Community. But it is not acceptable that the UK, as one of the less prosperous Member States, should have to pay an excessive share of the budgetary burden. Our safety net proposal is designed to ensure a more equitable sharing of the burden by placing a maximum limit on each Member State's net contribution related to its ability to pay. We are not asking for a juste retour. The UK would remain a net contributor under the safety net. Greece would remain a major net beneficiary. The safety net limit would not be static but would rise in line with a country's absolute and relative GDP. A major advantage of the safety net is that every Member State, including those bearing the heaviest budgetary burden, would be able to look at new Community policies on their merits, thus removing a real brake on development of the Community.

5. Pleased to note that there is now increasing agreement that any solution must provide for reliefs on the revenue, rather than the expenditure side of the budget. A solution on the expenditure side would mean going back to the old system of annual refunds which the Community as a whole has already found unsatisfactory.

6. Essential that any solution to the problem of budgetary imbalances should measure the real extent of the budgetary burden on the UK and last as long and to the extent that the problem itself does. Our safety net proposal is the only proposal on the table which does this. We believe that net contributions - the method hitherto used by the Commission - is the most complete and fair measurement of the problem. For the UK that is the measure of the outflow of budgetary resources across the foreign exchanges to other member states. Quite ready to take account of non-budgetary costs as well. But UK's position would then be seen to be worse not better.

7. The Commission's proposal for modulated VAT could not provide an acceptable solution on its own since it does not attempt to

measure the problem directly. The Danish convergence fund proposal deals only with the problem of inadequate receipts and ignores that of excessive contributions. Even as amended by the French, it would not meet our other basic concerns - it would give us nothing after enlargement and only inadequate amounts before; and it would leave us at the mercy of increases in our uncorrected net contribution. It is therefore self-evident that a combination of the two - such as the Germans have proposed - will get us nowhere. Counterproductive to put forward a compromise proposal which we could not possibly accept. This would be a recipe for deadlock.

8. Concerned that the Community has not yet discharged its obligation in respect of our 1982 risk sharing refunds under the agreement of 26 October 1982. If not solved before, this problem will have to be dealt with at Athens. Also worried about possible trouble with the European Parliament and some Member States over our 1983 refunds. The text of the Stuttgart conclusions makes it perfectly clear that there was no link between our refunds and the outcome of the negotiations on future financing and I could not agree to such a link. Real risk of a confrontation at Athens if we cannot resolve these matters satisfactorily. Hope Presidency will do all they can to ensure the Community's earlier undertakings are properly fulfilled.

Essential Facts

1. As Presidency the Greeks have shown a tendency to promote the idea of a compromise between the Danish convergence fund proposal and the Commission's proposal for modulated VAT. In the process they have ignored the UK idea for a safety net because they believe that a solution based on net contributions would not be acceptable to the majority of Member States.

2. The Greeks are planning to put a Presidency compromise text to the November Special Council but Mr Varfis appears to have been persuaded at the Preparatory Group meeting on 26/27 October not to table a single Presidency compromise proposal on future financing at this stage since the shape of a final compromise has not yet emerged.

3. We wish to deter the Greeks from promoting ideas such as the Danish convergence fund proposal in the face of our strong opposition. The main point to get across the Papandreou is that we have certain unbreakable conditions if the negotiation is to succeed.

4. In a national capacity, the Greeks have opposed the use of net contributions on the basis of calculation. They argue that gains and losses should take account of non-budgetary factors eg trading losses. We have not opposed consideration of such a measurement but none of our other partners has shown any inclination to consider non-budgetary gains and losses in detail because they know the calculation would only enhance our case since we make a loss on agricultural and other trade outside the budget.

Foreign and Commonwealth Office
1 November 1983

C

VISIT OF THE GREEK PRIME MINISTER, 4 NOVEMBER 1983

Brief No 2C

EC ISSUES : CAP AND STRUCTURAL FUNDS INCLUDING INTEGRATED
MEDITERRANEAN PROGRAMMES (IMPS)

Points to Make

CAP

1. UK determined to achieve Stuttgart mandate of "concrete steps ... to ensure effect control of agricultural expenditure". Could only agree to consider increase in own resources if this and arrangement to ensure fair sharing of financial burden are achieved.

Strict Financial Guideline .

2. We see a legally binding strict financial guideline as the only mechanism so far proposed which is likely to ensure that agricultural decisions, not just next year but for years to come, are in line with available Community resources and wider Community purposes.

3. The guideline proposal is not an alternative to reform of the individual commodity regimes, but a spur to achieve these necessary reforms.

Scope of CAP decisions at Athens

4. The CAP package agreed at Athens must be balanced. The Council has been right to concentrate on milk and cereals in the first instance, but in recent years CAP expenditure has risen most quickly on Mediterranean products such as wine, tobacco and processed fruit and vegetables. The problems will become more acute with enlargement. Guarantee thresholds and other mechanisms to relate support to sensible levels of production should be extended to those products also.

Prices

5. Like UK, Greece is a net importer of many EC agricultural products. Presumably, then, Greeks share our desire for lower

prices for these products to help bring markets into balance, to encourage consumption and to help balance of payments.

STRUCTURAL FUNDS AND INTEGRATED MEDITERRANEAN PROGRAMMES (IMPS)
(Defensive)

6. Structural funds are crucial to promoting Community convergence. We welcome decision at Stuttgart to examine ways of making them more effective.

7. We understand Greece's special structural problems, and have been ready to agree special terms for Greece within the framework of existing structural funds (eg Agricultural Development Programme, measures for irrigation and advisory services).

8. But we are not convinced by proposals for IMPs as currently formulated. Already very expensive. Moreover equivalent programmes for Spain and Portugal would inevitably be demanded after enlargement.

9. IMPs should be examined in the context of the review of the structural funds. IMPs very largely cover the same area as the FEOGA Guidance Section on which proposals just tabled. Illogical to deal with them separately.

Essential Facts

CAP

1. Greece has not played a leading role in the CAP parts of the post-Stuttgart negotiation. Her main interest has been to keep the focus on northern commodity products; to restrict the concept of guarantee thresholds to products where self-sufficiency has been achieved (in contrast to our own view that they should operate wherever economic outlets are limited); and to maintain special provisions for Mediterranean/small farmers/disadvantaged regions. The Greeks argue that an increase in own resources accompanied by the development of new Community policies would ensure that agricultural spending grew less fast than own resources. This begs the question and is not even logically correct unless the increase in own resources was on a wholly unrealistic scale.

STRUCTURAL FUNDS

(See Brief No 2d on Greek Memorandum)

2. The Stuttgart Declaration called for proposals increasing the effectiveness of the structural funds (Regional Fund, Social Fund and Guidance Section of the EAGGF). The Commission's subsequent report on the funds did not address the key question of overlapping functions and objectives.

3. Discussion centres around:

a) IMPS

These are Commission proposals for expenditure of some 6.5 billion ecu over 6 years on designated rural areas of Greece, Italy and France. Greece will seek a commitment to IMPS at Athens, and a strict timetable for their fulfilment. We are resisting this strongly, and in very good company with other Community partners, on the grounds that the proposals are too expensive, ill-considered and overlap with the general review of Community structures. IMPS are designed in part, to protect Member States from the consequences of enlargement.

As such, the Commission claim that Spain and Portugal will not be eligible for benefits. But it is inconceivable that they would not apply for aid under IMPs, if adopted, and there would be no rational basis for refusing them.

b) ERDF

Revised Commission proposals will be tabled very shortly. Our aim will be to remit these proposals to the Regional Policy Working Group, to press for an appropriate measure of concentration, and to establish 'combat of industrial decline' as the primary objective of ERDF.

c) FEOGA GUIDANCE SECTION

The Commission's proposals have now been tabled, and detailed discussion has begun. In general we can accept the thrust of the proposals though we are concerned about their cost implications and the elements of discrimination in favour of small farms.

4. In discussion of the structural funds we need not express outright opposition to what is proposed. Our aim is to spin out discussion and avoid decisions. Our best tactic is therefore to emphasise the failure of the Community, through no fault of ours, to get to grips with these issues; to stress the amount of work that remains to be done; and to cast doubts, implicitly, on whether the dossiers will be in any state for decisions by Heads of Government at Athens.

D

VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER

Brief No 2(d)

EC ISSUES: GREEK MEMORANDUM

Points to Make

General

1. Recognise that Stuttgart European Council called for decisions at Athens. We are participating fully in the work of the ad hoc Group which is examining the Commission's proposals as they come forward.
2. [If appropriate] Greece is doing well out of the budget and is set to improve its position still further. The contrast with the UK position is striking.

On Infractions (if necessary)

3. Realise that Greece has had difficulties in adapting its economy post-accession, but she should make every effort to comply with her Treaty obligations. Continued failure to do so is bound to have an adverse impact on how Greece is viewed in the Community.


4. We can accept the proposed regulatory tax to phase out Greek discriminatory taxes on imports from the EC. We shall also be sympathetic to a Commission proposal to postpone the introduction of VAT; something which we note will bring substantial financial benefits to Greece.

On IMPs

5. [See separate brief 2(c)]

On the Commission Proposals in the Social and Agricultural Fields (if raised)

6. Similar considerations to those affecting the IMP proposals apply here. It is not clear how, and to what extent, these



proposals overlap with, and possibly duplicate, provisions in the existing structural funds. This needs to be clarified before decisions can be taken. It would make sense to consider these proposals in the context of the current review of the structural funds.

Essential Facts

1. In March 1982 the Greek Government presented a memorandum to the Community in which it argued that Greek economic development required additional EC funds and an easing of EC competition rules as they applied to Greece. Papandreou is hoping to obtain substantial additional benefits for Greece from the Community's response. The Commission has proposed meeting Greek demands under three main headings: an Integrated Mediterranean Programme (IMP) for Greece; additional funds via the administration of existing instruments (ERDF, Social Fund, etc); and special supplementary programmes (eg vocational training programme, measures to improve Greek agricultural quality controls). The European Council at Stuttgart expressed recognition of the special economic and social problems faced by Greece, and invited the Council to examine the Commission's proposals "with a view to concrete decisions before the next European Council".

2. The Greek IMP is under consideration in an ad hoc Working Group set up to consider the Commission's IMPs proposal as a whole (ie including French and Italian IMPs) (see Brief No 2(c)). Not all the proposals foreshadowed by the Commission under the other two headings have yet been submitted. Of the three which have, two (social and agriculture) are making little progress in their respective specialist Working Groups, and the third (on transport) is disliked by the Greeks anyway. The cost of the proposed social measures (vocational training and a scheme for the mentally handicapped) would be 120 mecu (£72 million) over 4 years. There would be some overlap with the Regional and Social Funds. The agricultural measures would overlap with IMPs and with existing FEOGA programmes. The cost would be 44.7 mecus (£27 million) in the first year. Transport proposals would give Greece 25 mecus of projects (£15 million) out of a total Community transport infrastructure budget of only 60 mecus (£30 million).

3. As the poorest and least developed of the Ten, we accept that Greece should be a major beneficiary under the Community budget.

It would be contrary to our views on equity and economic convergence to contest this. But we have no interest in increasing these benefits substantially from their already generous level (685 mecu net benefit in 1982), particularly when to do so would affect our own budgetary position adversely (as will be the case until a budgetary mechanism is adopted on the lines of our proposed safety net), and when Greece has a poor record on fiscal and non-fiscal Treaty infractions (which affect British exporters) and is proving a difficult partner in the EC, Political Cooperation, NATO and to some extent bilaterally. The Commission is being helpful to Greece on infractions and we have gone along with this. We expect a formal proposal soon to defer Greek introduction of VAT for two years. This will mean that Greece will pay 236 mecu less to the EC budget in 1984 and 1985.

4. Our main objective therefore is to minimise the cost of the Commission's proposed programmes, and in particular to avoid any major concessions to Greece before any post-Stuttgart negotiation package is agreed (ie to avoid paying the Greeks twice over). At the same time we need to avoid stoking Greek hostility during their tenure of the Presidency when critical negotiations are in progress on the Community's future. Our tactic is to play the proposals long in the Working Groups without getting out in front of our partners. Since many of our partners have similar misgivings about the Community's response to the Greek Memorandum, this has not yet proved too difficult.

5. Greek pressure for agreement at Athens to some additional tangible benefits for Greece "as called for at Stuttgart" can be expected to mount in the run-up to the European Council. We should, however, be able to avoid any prior commitments to specific programmes, or the finance for them, on the basis that proposals will still under discussion and not ripe for decision.

Foreign and Commonwealth Office
1 November 1983



VISIT OF GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 3

EUROPEAN POLITICAL CO-OPERATION

POINTS TO MAKE

1. (If raised) Regret disagreements which so marred 12 September Ministerial meeting of the Ten in Athens. Welcome positive approach shown by the Greeks since then.
2. UK remain committed to ensuring continued success of Political Co-operation. Acting as a group members of the Ten have the opportunity to make an impact on events far greater than could be achieved independently. Important to sustain the progress that PoCo has already made.



ESSENTIAL FACTS

1. Greek behaviour in Political Co-operation has improved considerably since the 12 September Ministerial meeting when disagreements over the KAL airliner incident and INF deployment severely damaged relations within the Ten and threatened to undermine the whole concept of European political co-operation.
2. The Greeks have shown signs of responding to the criticism of their behaviour from both partners and the press, and appear to be making an effort to moderate their line. In particular they agreed that the speech which they delivered at the UN General Assembly on behalf of the Ten should contain a passage 'deploring' the shooting down of the KAL airliner.
3. It remains to be seen just how long this improvement will last. The Greeks have been a source of controversy in Political Co-operation since Papandreou came to power, going against the rest of the Ten on a number of major issues (eg. Poland, Middle East). However, we have already made our concern known to them, as have our partners in the Ten, and it would be counter-productive to press the point further with Papandreou.

Foreign and Commonwealth Office

1 November 1983



VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 4

DEFENCE AND ARMS CONTROL

POINTS TO MAKE

CRUISE AND INF

1. Believe NATO must proceed with first deployments on schedule. Russians have stalled for four years - an extra few months before first deployments would be most unlikely to induce them to negotiate seriously. But December 1983 no deadline for negotiations and deployments could be reversed.
2. Soviet claim that British and French missiles should be included a pretext for Soviet monopoly of longer range INF missiles. Russians know that British and French missiles are strategic, as they recognised throughout SALT.

EXERCISES IN THE EASTERN MEDITERRANEAN

3. Graeco/Turkish problems should be resolved bilaterally. But we are concerned at impact on Alliance when they spill over and prevent important exercises from taking place. Again important to demonstrate Alliance cohesion and preparedness.

TORNADO

4. Hope my letter which Michael Heseltine delivered demonstrated the commitment of all 3 Tornado partners to successful partnership with Greece. We have worked hard to meet Greek requirement. Purchase of trilateral European aircraft would strengthen Greece's political, military and commercial and industrial/technological links with European partners.

/CDE



CDE [if raised]

5. Attach importance to CDE. Could be a factor in improving East/West relations if East prepared to negotiate seriously on concrete measures to reduce tension and danger of surprise attack. Do not expect quick results but success on mandate shows what can be achieved through Western unity and cooperation with NNA.



ESSENTIAL FACTS

GREECE, NATO AND INF

1. The fact that Greece's defence effort is motivated more by mistrust of NATO than of Warsaw Pact intentions makes them difficult partners in NATO. The problems have been accentuated since Papandreou came to power. The Greeks have publicly disassociated themselves from agreed NATO policy over key issues, especially INF and East/West relations. The Greek government is opposed to Pershing II and cruise missile deployments by NATO and advocates the inclusion of British and French missiles in the INF negotiations. This has been laid down by Mr Papandreou and no other Minister of the government is likely to be able to change them. In a special celebration of 2 years of Pasok Government on 18 October Papandreou said that Greece was neither for the West nor for the East.

EXERCISES IN THE EASTERN MEDITERRANEAN

2. One of the main casualties of Graeco-Turkish differences has been the repeated cancellation of, or Greek withdrawal from, NATO exercises in the Eastern Mediterranean. This naturally gives rise to concern about NATO cohesion and preparedness on the southern flank.

TORNADO FOR GREECE

3. Greece has a requirement for up to 100 new aircraft. Panavia are promoting Tornado; the main competition is from the US (F16, F18) and France (Mirage 2000). Greece may go for a split between US and European aircraft, of which the Tornado share could be 40-60 aircraft: benefit to UK £375-559m.

4. Mr Heseltine met Mr Papandréou on 2 September to sign the Anglo-Greek MOU on Equipment Collaboration and to discuss the possible sale of Tornado. He delivered a personal letter from the Prime Minister, supported by Chancellor Kohl and Signor Craxi, advocating Tornado.



5. Mr Heseltine offered the Greeks an improved financial package comprising:

- (a) the waiver of the residual government levy of 1%;
- (b) the guarantee by the 3 partner countries of 95% of the loan;
- (c) agreement that repayment could be spread over the period 1989-1997;
- (d) a fixed interest rate of 8.95% in DMs for the British element of the credit package.

We understand that Italy will offer either a fixed or floating rate, depending on Greek preference, for her relatively small element (14%) of the package. We have failed to persuade Germany to underwrite an attractive fixed rate of interest and Panavia will have to propose a variable rate for the German element of the package.

6. The Greek Deputy Foreign Minister, Capsis, told Lady Young on 28 October that a decision on Tornado would be taken in November.

Foreign and Commonwealth Office
31 October 1983



VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER 1983

BRIEF NO 5

EAST/WEST RELATIONS

POINTS TO MAKE

EAST/WEST POLITICAL

1. East/West relations depend on both substance and confidence. UK wants a more constructive relationship with Soviet Union, but cannot ignore Soviet behaviour. Soviet claims of support for "peaceful" policies not borne out by the facts, most recently KAL incident.
2. Soviet leadership's field of vision on East/West now narrowed down almost exclusively to arms control questions particularly INF. Andropov's statement of 28 September indicates realisation that it will be impossible to prevent, through appeals to Western public opinion, at least the first stage of deployment. Transparent attempt to isolate US and discredit President Reagan.
3. West must maintain united front in face of increasing Soviet pressure. Hard-headed and realistic dialogue important as a means of setting out our concerns and pressing Soviet Union to show restraint.

POLAND

Western Policy

4. Conclusions of Foreign Ministers' meeting in Athens on 12 September provide basis for development of policy and gradual resumption of contacts. We need to evaluate and

pursue coordinated and consistent long-term strategy, not event orientated, if Western influence is to be effectively exerted. Important to maintain Western coordination in our basic approach to Poland.

5. We have told Poles that a middle-ranking MFA official would be received in FCO if he were to visit London for some other purpose. Believe this to be consistent with conclusions of 12 September.

Rescheduling of Official Debt

6. Glad meeting in Paris on 26 October resulted in agreement to resume negotiation with the Poles and invite them to the Creditors' Group in mid-November for that purpose. Western negotiating position will require careful preparation in view of Polish attitude and likely demands for new credits.

AFGHANISTAN

UNGA 38

7. Must keep pressure on Soviet Union to withdraw its troops. Further strong UN vote and speeches essential. Vital that Ten should give co-ordinated support.

UN Talks

8. Pakistan committed to UN process, currently blocked by Soviet refusal to agree specific timetable for withdrawal. Should ensure Russians are blamed if talks founder.

Anniversary Statement

9. Ten have agreed to consider measures to mark fourth anniversary of Soviet invasion on 27 December. Value idea



of coordinated statements by EC Presidency and Member States to demonstrate continued concern and to sustain public attention.

CSCE

10. The conclusion of the Madrid conference has given a useful impulse to the CSCE process. We must continue to press the East Europeans to honour their commitments by making effective use of the Concluding Document in our diplomatic contacts.



ESSENTIAL FACTS

EAST/WEST POLITICAL

1. In recent weeks the Russians have been using their familiar tactic of blowing hot and cold. While the Warsaw Pact Sofia Communiqué (14 October) was calculated to emphasise Soviet "reasonableness" in the run up to the Bundestag debate, Andropov's 28 September statement and Gromyko's East Berlin speech of 17 October were more threatening. The aim was to discredit Reagan personally, and to generate pressures within Europe - in particular in the FRG over the inner German relationship. Likewise Gromyko appears to have been unyielding in his meeting with Genscher (Vienna, 14-16 October). He was particularly bitter about Soviet-US relations and President Reagan personally. This is consistent with the resentful tone which permeated his meeting with Mr Shultz in Madrid on 7 September.
2. The Greeks are the odd men out in the Community on East/West relations: they tend to take what the Russians tell them at face value, and have given public support to Soviet backed initiatives like the Balkan Nuclear Free Zone. After Andropov came to power there was a flurry of activity in Greek/Soviet contacts culminating in Tikhonov's visit to Athens on 21/24 February. There have been some lower level governmental and PASOK visits to Moscow in the course of the summer. The Soviet Union sees Greece as a country which can to some extent be manipulated to intensify strains in the Western Alliance. They have welcomed the ambiguous position taken on East/West issues by Papandreou (they will particularly have welcomed the Greek call for further postponement of INF deployment); but the Soviet press has nevertheless reported KKE dissatisfaction with the initialling of the US bases agreement, and the caution with



which Papandreou has approached the question of continued Greek membership of the EC.

3. The Soviet Union has taken care to avoid taking sides over the strained relations between Greece and Turkey. The Russians regard their relationship with Turkey as being of greater importance, in view of its proximity to the Soviet Union.

POLAND

4. Some developments around 22 July positive: lifting of martial law, partial amnesty, relaxation of foreign travel restrictions, withdrawal of military commissars from civilian enterprises. But new laws if implemented in full will be repressive though less so than in most other East European countries. Difficult to say that anything has really changed in sense of greater dialogue or increased cooperation between Government and governed. Church/State contacts seemed improved after Papal visit and 22 July: now renewed doubts. Authorities' vilification campaign against Walesa and Solidarity continues.

Western and UK Policy

5. UK Ministers have agreed our long term objective should be gradual engagement of Western influence in Poland. But important to maintain Western unity. We seek a consistent strategy for the long term not tied to day to day fluctuations. EC consensus for gradual resumption of contacts starting at technical/senior official (but not yet ministerial) level agreed at EC Foreign Ministers' meeting in Athens on 12 September.



Greek Policy

6. The Greeks have been difficult partners in EC discussions on Poland. Despite NATO sanctions (introduced January 1982) Greek bilateral policy towards Poland has remained relatively unaffected with a generally business-as-usual relationship. They are now the leading advocates in the Ten of a general resumption of contacts/exchanges with the Poles. In talking to the Greeks we might stress the importance of Western unity in moving forward on policy towards Poland.

Rescheduling of Polish Official Debt

7. At the meeting of Creditors' Group on 26 October agreement was at last reached to resume negotiations on rescheduling officially guaranteed debts. The Polish Finance Minister is being invited to Paris on 16-18 November for this purpose. US agreement is provisional, but expected to be given by 4 November. It is clear that negotiations themselves will be difficult as the Poles are likely to maintain that debt service capacity is exhausted.

AFGHANISTAN

8. The General Assembly has adopted four resolutions with overwhelming majorities calling for the immediate withdrawal of foreign (ie Soviet) troops from Afghanistan. This year's debate is scheduled for 14 November. The Pakistanis will again sponsor the draft resolution, but we will lend discreet lobbying support, stressing the global (ie not East/West) angle to maximise Third World support.

UN Talks

9. Cordovez's mediation effort remains deadlocked on the crucial question of a timetable for Soviet troops



withdrawal. On 30 September, Perez de Cuellar told the Prime Minister he would press for Soviet agreement to a timetable, and would continue his efforts as long as Pakistan and the Karmal regime wished. But he is not optimistic. Informal consultations have been taking place in the margins of the General Assembly. Cordovez may return to the area this winter.

Anniversary Statements

10. In February the Ten's Asia Working Group recommended that suitable statements should be made by the Ten and member governments to mark the fourth anniversary of the Soviet invasion on 27 December. The Political Directors agreed subsequently to consider 'appropriate public measures', but the Greeks may try to avoid making a Community statement.

Greek Position

11. The Greeks have supported all four UN resolutions, but tend to play down Soviet responsibility. However, Haralambopoulos made a strong call for Soviet withdrawal in his Presidency speech to the General Assembly on 27 September.

CSCE/CDE

12. The Madrid CSCE Follow Up conference finally ended on 9 September. The next follow up conference will take place in Vienna in 1986. The CDE Conference starts in Stockholm on 17 January 1984 (see separate brief).

Foreign and Commonwealth Office

1 November 1983



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VISIT OF GREEK PRIME MINISTER, 4 NOVEMBER 1983

BRIEF NO 6(a)

CYPRUS

POINTS TO MAKE

1. Recent developments not encouraging. We hope that both communities will co-operate fully with the Secretary General. Still hope for positive outcome from his latest ideas. Progress requires real act of will plus flexibility on both sides. Carefully prepared summit meeting between two sides looks like best way out of present impasse.
2. We have made clear to Turkish Cypriots and to Turks that we are strongly opposed to declaration of independence by Turkish Cypriots. Would not recognise a new independent government. But important that Greeks and Greek Cypriots take account of Turkish Cypriot sensitivities and do not give Denktash a pretext for unhelpful moves.
3. Introduction of Greek troops into Cyprus post-UDI /if raised/

Surprised and concerned at such a suggestion. Have you consulted Greek Cypriots? Would surely make matters worse in Cyprus and draw odium on Greece.

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ESSENTIAL FACTS

1. The Secretary General launched new ideas in August. Greek Cypriots' response, superficially at least, was reasonably positive. But Turkish Cypriots have reacted negatively and threatened to declare independence. Denktash has threatened this before. Threat more real this time, although, as a result of pressure, danger of action before 6 November Turkish elections has receded. We have made representations at Ministerial level in Ankara (Mr Heseltine) and with Denktash (Lady Young). Have asked major allies (US, French, Italians and Germans) to do the same. Most have done so.

2. The Greek Cypriots' moral position is currently strong (largely because of Turkish Cypriot ineptitude). Having instigated the UN debate in Cyprus in May, they are now showing restraint, and seem to appreciate the dangers of appearing to provoke Denktash. But the Greek Government, who are more interested in scoring propaganda victories over the Turks than the situation in Cyprus, may not exercise similar restraint. They should be left in no doubt of the dangers of the present situation, particularly of propaganda point scoring. We must resist any suggestion of joint statements on Cyprus. Our basic policies are very different, even if they converge on opposition to Turkish Cypriot independence. Any appearance of acting jointly with the Greeks would be anathema to Turks and Turkish Cypriots; it would destroy our ability to influence either.

3. Capsis, Greek Deputy Foreign Minister, suggested to Lady Young on 28 October, speaking "off the record", that Greece might use UDI as an excuse to station troops in Cyprus. He had earlier

/told

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told H M Ambassador in Athens that these ideas had been endorsed "higher up". Greece is allowed to station 950 troops in Cyprus under the 1960 Treaties and currently has 1350 men there plus about 450 officers in the Greek Cypriot National Guard. Turkey has around 17,500 troops in Northern Cyprus (650 allowed by treaty). Capsis' remarks were probably ill considered personal views. It would be worrying if Papandreo endorsed them.

Foreign & Commonwealth Office

1 November 1983

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B

VISIT OF GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 6 (b)

EASTERN MEDITERRANEAN: GREECE/TURKEY

POINTS TO MAKE

1. Concerned at continued tension and lack of dialogue.
2. Welcome successful conclusion of first round of bilateral talks on economic relations and tourism. When will next round take place?
3. We look forward to resumption of detailed dialogue and re-establishment of climate of mutual trust which is needed if any progress to be made.

Exercises

4. Concerned that disputes and problems over exercises weaken NATO. Any scope for exercising in areas that are not under dispute? Mr Capsis has floated idea that exercise arrangements should be without prejudice to positions of both sides. Do you see this as a way forward?

Lemnos [If asked position on Greek right to militarise Island]

5. Do not believe it would be helpful to take a position on this question. We see attractions in NATO practice of avoiding exercising in areas of dispute between allies. Would hope such disputes could be resolved bilaterally without causing damage to NATO's essential security.



ESSENTIAL FACTS

1. Relations with Turkey very strained. In addition to differences over Cyprus (see separate brief), there is a long-standing complex of disputes over Aegean matters. Specifically these are:

- (a) Airspace. Greece claims 10 miles round islands in the Aegean but the Turks only recognise 6 miles, the same as Greek territorial sea. On occasion the Turks fly into the disputed zone.
- (b) Territorial sea. The Greeks claim the right to extend their territorial sea in the Aegean to 12 miles. The Turks have made clear that this would be a casus belli. It would make the Aegean virtually a Greek lake.
- (c) Demilitarisation of islands. Although they make no claim to sovereignty, the Turks dispute the Greeks' right to militarise the islands of Lemnos and Samothrace. Greek insistence on the inclusion of the island of Lemnos in NATO exercises, despite NATO's practice of not including areas in disputes between allies, has led to the cancellation of several NATO exercises in the area. [Not for use] It is HMG's private view that the Greeks do have the right to militarise these islands. But we do not wish to take sides in the dispute.

2. A regular dialogue about these disputes was broken off by Papandreu when he came to power in October 1981. Efforts since then to restart the dialogue, including meetings of Foreign Ministers, have so far proved unsuccessful. When the two Foreign Ministers met in Paris in June this year it was agreed that twice yearly talks would be held on economic relations and tourism. The first meeting was held in Ankara between 26-28 July and although the atmosphere was cordial, any political content was carefully avoided.

/The



The Greeks have made clear they will not discuss anything which in their view compromises their sovereignty over the Aegean islands.

Exercises

3. These disputes spill over into and seriously weaken NATO by disrupting exercises and damaging the cohesion of the southern flank. This is likely to remain a problem so long as the will is lacking on both sides to resolve differences. But we might probe Papandreou tentatively on a) possibility of holding NATO exercises in areas not in dispute and b) the idea floated by Capsis, deputy Foreign Minister, that both sides should agree that exercises should take place without prejudice to claims of either. Not certain that Turks would accept this idea. Do not therefore want to suggest any British commitment to it. Only small chance of success, since both sides see exercises as opportunities to score points; but alternative may be to cease exercising in Aegean. (See also Brief No 4 on Defence and Arms Control).

4. We take every opportunity to urge on both sides restraint and resumption of the dialogue as the best way forward. Papandreou's visit is an opportunity to reiterate to the Greeks that they should make some moves to try and re-establish some mutual confidence, lack of which has so far sabotaged all efforts to resume dialogue.

Foreign and Commonwealth Office
2 November 1983

VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 6 (c)

LEBANON

Points to Make

1. Four foreign ministers reaffirmed commitment to MNF (Paris 27 October). No changes in mandate, size or deployment. BRITFORLEB will continue to guard meetings of ceasefire committee at request of all parties. Terrorism will not deter us as long as we can play a useful role.
2. But MNF support for Government not a blank cheque. Americans have made it clear to Gemayel that Government, as well as supporters must be prepared to make concessions at national reconciliation talks. Ten must continue to urge all parties to commit themselves to genuine reconciliation. Prospects for talks?
3. State of play on Greek/Italian observers? Naturally safety of contingents must be paramount consideration, but important to get observers in on ground to consolidate ceasefire as soon as possible.
4. (If raised). No intention by any MNF contributor to take sides or get involved in fighting. Insistence of all parties that we should guard meetings of the Ceasefire Committee demonstrates confidence in impartiality of our contingent.
5. (If raised) MNF use of RAF Akrotiri
UK gave permission for the Italians to station aircraft at Akrotiri to support their contingent in Lebanon. A humanitarian decision taken at a difficult time in Lebanon. Italians did not in the event station aircraft and seems unlikely they will do so if ceasefire holds.

VISIT OF GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 6(c)

LEBANON

Essential Facts

1. The Greeks have been less happy about the role of the MNF than any other member of the Ten. Privately they are extremely critical of US policy in Lebanon. They argue strongly the Americans must accept that Syrian preponderance in the region means that the 17 May Agreement with Israel will remain a dead letter. Capsis reiterated this theme during his call on Sir G Howe on 28 October. Sir G Howe noted that account must be taken of Syria's legitimate interest in the region: The Agreement should not become an obstacle to progress. The Greeks enjoy good relations with Jumblatt who saw Papandreou during a visit to Athens 4 - 5 October.
2. MNF Foreign Ministers' meeting (Paris 27 October) produced public reaffirmation of commitment to maintain contribution despite 23 October bomb attacks. It was agreed that partners should press Lebanese factions for progress in national reconciliation talks. But there would be no joint demarches and no establishment of formal structure for planning of partners' future policy on Lebanon.
3. Reconciliation talks scheduled to open in Geneva 31 October/1 November under President Gemayel's chairmanship. All nine politicians invited are attending with the exception of Raymond Edde (a Maronite who commands some confidence among Lebanese Muslims but is probably a marginal figure). Syria and Saudi Arabia will send observers (probably foreign minister Khaddam and Ambassador to Lebanon respectively). MNF contributors agreed to monitor talks and to keep in discreet touch in Geneva. Fairbanks (new US envoy to Middle East) will be present.
4. Prospects for talks uncertain. Main difficulties will come over 17 May Agreement with Israel which many want set aside or revoked and /redistribution

redistribution of political power. Four MNF contributors and Ten agreed on need to continue to exert pressure on all participants. Americans have made clear to Gemayel that Maronite concessions are needed. Gemayel and Assad spoke (by telephone) for first time in months on 27 October. Conversation described as 'friendly'. National Salvation Front (Druze and allies) look likely to put forward reasonable ideas for institutional reform: President to remain Christian but greater power for a new Muslim-dominated Parliament elected on non-confessional basis by proportional representation. But Phalange seem prepared to make only minimum concessions. Syria professes to want talks to succeed, but scale of her demands uncertain.

5. Deployment of Greek/Italian observer force (800) seemed close before bomb attacks. Greece has reiterated agreement in principle but terms and conditions are still under discussion with Italians and Lebanese. Greeks and Italians want some UN cover. This will be fairly tenuous (probably an exchange of letters between the Greeks, Italians, and the UN Secretary-General and submission of reports to him via the Lebanese Government). Capsis expressed concern for safety of a Greek contingent; progress at Geneva would be needed before they could move in. Important to steer the Greeks to deploy.

6. Military Situation. Death toll for 23 October bomb attacks now 230 Americans, 56 French. 26 September ceasefire continues to hold despite sporadic exchanges of fire. BRITFORLEB continue to play much appreciated role in guarding daily meetings of four-party Ceasefire Committee in Trad Bank, Khalde (South Beirut), a task we may shortly share with the Italians. Committee has had some success: re-opening of Beirut Airport, exchange of prisoners, removal of roadblocks. Now working on arrangements for deployment of Greek/Italian observers.

7. Haralambopoulos told the Ten's Foreign Ministers on 22/23 October that the MFA Under-Secretary of State Mr Papoulias intended to visit Israel, Syria and Lebanon on a fact-finding mission. He appeared to take the point that this should be a Greek not Presidency mission. Mr Papoulias would usefully urge the merits of reconciliation and the withdrawal of foreign forces on all concerned.

8. Italian use of Akrotiri. Our decision in September to allow

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Italians to station up to six F104s at RAF Akrotiri upset the Cyprus Government, who are sensitive about use of the SBAs by non-NATO powers. But the Greek Government have not raised it with us.

FOREIGN AND COMMONWEALTH OFFICE

31 OCTOBER 1983

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VISIT OF THE GREEK PRIME MINISTER: 4 NOVEMBER

BRIEF NO 7: FALKLANDS

POINTS TO MAKE

1. After last year's events, onus is on Argentina to respond to our initiatives to improve the climate. We have made clear our wish to make progress on commercial and economic relations. Disappointing that Argentines have not responded positively to approaches by the Presidency over the past year.
2. UK position on Falklands well known. Will vote against present Argentine draft resolution or any draft that calls for negotiations. Argentine interpretation of "negotiations" is negotiations on the transfer of sovereignty. Cannot contemplate this given views of Islanders.
3. Present Argentine draft is unacceptable because
 - (a) it calls for negotiations;
 - (b) describes maintenance of colonial situations as incompatible with UN ideal of universal peace;
 - (c) implicitly critical of UK by regretting lack of progress in implementation of GA resolution 37/9;
 - (d) has new preambular paragraph which characterises sovereignty dispute as cause for grave concern to Latin American region, thus implying pro-Latin American view of dispute;
 - (e) de facto cessation of hostilities not sufficient;
 - (f) reference to "interests" of population also insufficient, must refer to "wishes".
4. Can see no justification for partners, in particular the Presidency, voting opposite to one of their number whose national interests are directly and uniquely affected. Likewise, attempts to amend resolution most unhelpful and will not do anything to help resolve underlying causes of continuing difficulties with Argentina. Expect Community partners to attach overriding importance to Community solidarity. Greek tenure of Presidency offers opportunity to get back in line with partners which even Argentina might



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understand. We are not asking you to vote with us (ie no) and directly opposite to Argentina; we are asking you not to vote with Argentina and directly opposite to us.

5. Can understand wish to encourage democratically elected government in Argentina. There are many ways of doing this and partners should not do so at expense of UK. For example, to join in statement by the Ten welcoming progress towards restoration of democratic process in Argentina.

6. Need is for fundamental reappraisal of policy towards Falklands in Buenos Aires. By voting with Argentina, partners could encourage new government to continue present course and thus set back not advance prospects for reduction of tension in South Atlantic.

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ESSENTIAL FACTS

1. Our position on the Falklands has been made clear to all our partners at official level and, in the cases of France, the FRG and Italy, at Ministerial level. Recent contacts have shown a glimmer of hope that the Greeks may be moved to an abstention (under cover of their tenure of the Presidency); the abstentions of the Netherlands, Denmark and Luxembourg seem to be firm, and the Irish and Belgians are also inclined to abstain. Some partners may seek to use the US position as a justification for switching their vote this year.

2. The principle that partners should try to avoid voting in direct opposition to one of their number on a matter of direct importance to that partner is set out in the conclusions of the Political Committee of 17/18 May 1977, which says:

'Bearing in mind paragraphs 9(g) and 15 of the Dublin Report stating that The Nine should make every possible effort to avoid contrary votes it is emphasised that special attention should be given in this context to any draft resolution support for which would involve specific criticism of one or more partners or seriously damage their national interests. All members of The Nine should do their best to give the earliest possible warning when difficulties are likely to arise in this connection.'

3. Italy hankers after a new draft resolution that might command consensus. We do not consider it possible that the Argentines would accept a resolution that did not call for negotiations: this would be a considerable set-back for them in diplomatic terms after the adoption of GA resolution 37/9. Their aim is a slightly stronger resolution (draft attached) and an increase in the number of votes for it.

4. Elections were held in Argentina on 30 October. The General Assembly debate is due to take place in the week beginning 7 November.