

PRIME MINISTER

MEETING WITH THE PRIME MINISTER OF TURKEY

You have an hour with Mr. Ozal on Tuesday afternoon, before giving him dinner later that evening. He is coming just with his Private Secretary and Ambassador. Our Ambassador in Ankara, Sir Mark Russell, will also be present.

It is clear that Mr. Ozal attaches very great importance to his visit to Britain. The Turks regard us as their best friends in Europe. Trade with Germany is bigger but relations are bedevilled by the time bomb of Turkish migrant workers. The latter will have a right of totally free access to the Community labour market from 1 December this year unless the Turkish Government can be persuaded to accept deferral. Mr. Ozal will come here looking for overt and visible signs of British support for Turkey to show that the Greeks do not have it all their own way in Western Europe. We have a strong interest in responding positively because of Turkey's strategic importance; because Mr. Ozal is running a conservative government with sensible economic policies; and because Turkey offers a considerable potential market.

Mr. Ozal is an engineer by training and an economist by profession. You might therefore start by asking him about his economic policies, in particular privatisation.

But the main subject he wants to talk about is the European Community. Here we face a very real problem. It is quite clear that Mr. Ozal is under strong pressure within Turkey, particularly from industry, to make an early application for full membership of the Community. And of course Turkey is fully entitled to do this under the terms of the 1963 EC/Turkey Association Agreement, once Turkey is in a position to meet fully the obligations of membership. The trouble is that there is no chance whatsoever of an application being accepted at the moment.

The fact is that Turkey's economy is nothing like in a state in which it could cope with membership (per capita GDP

is 12 per cent of the Community average). Moreover, Turkish membership would cost the existing Community a bomb in subsidies and support. The Community itself is pre-occupied with absorbing Spain and Portugal and will be for some years. And there will be political objections from several Member States such as Denmark and Ireland.

We have therefore got to persuade Mr. Ozal that, in Turkey's own interests, he should not make an application for membership now because it would be rebuffed and this would be very damaging to Turkey and to Western interests generally. Instead we must work steadily away over a period of several years to create the conditions in which an application would have a chance of succeeding. In practical terms this means making a success of the Association Agreement. Even this is difficult as the Greeks are being obstructive and refusing to agree to convene a meeting of the Association Council. But there is no practical alternative and you are better placed than anyone to convince Mr. Ozal of this fact in a firm but kindly manner.

Mr. Ozal himself is quite likely to raise the subject of textiles on which he wrote to you last year. Turkey is now the European Community's largest supplier of textiles and clothing and in some areas their exports represent a real threat which has led the Community to take safeguard action. We have for some time been trying to negotiate a voluntary restraint agreement but the Turks have refused except in certain limited categories. We have no scope to be more forthcoming than this: the Turks must not press us too hard.

You will want to raise the question of Cyprus even though there is not a great deal to say at the moment. The UN Secretary General will shortly be submitting some new documentation. If the Turkish Cypriots are sensible they will accept it promptly on condition that the Greeks do the same. The UN Secretary General has asked us to suggest to Mr. Ozal that the Turks should also make a statement promising withdrawal of Turkish troops, arguing that such a statement

would give Turkey a considerable moral advantage. I think you should ~~deploy this suggestion very cautiously:~~

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The briefs suggest that you should raise Aegean disputes and the question of human rights. There does not seem much point to me. We can't do anything about Aegean disputes and I see no reason to interfere in Turkey's internal business by commenting on human rights, particularly when it is clear they are moving steadily in the right direction. I would also favour leaving commercial issues to Mr. Channon, with whom Mr. Ozal is having a separate meeting and dinner.

There is one small point which it would be helpful if you could raise and that concerns the British Embassy compound in Ankara. This is an absurd matter which only diplomats could get themselves into. In 1924 the Turk's treated us quite generously when we had to move our Embassy to Ankara and helped us find some land. Now the Turks want to move embassies in London and expect us to help them, taking no account of the fact that London in 1986 is not quite the same as Ankara in 1924. Because we have said that we cannot give them any free land they are refusing to allow us to build new staff houses in our compound in Ankara. This latter decision has apparently been taken by the Turkish Foreign Minister and can only be overturned by Mr. Ozal. You might ask him to have a look at the matter.

You will recall that you sat next to Mr. Ozal at a lunch in New York at the end of October and saw him again at President Reagan's NATO Briefing in Brussels after the Geneva Summit in November.

I attach the briefs and a card.

C.D.P.

CDP

14 February 1986

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