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10 DOWNING STREET

From the Private Secretary

18 February 1986

Dear Colin,

PRIME MINISTER'S MEETING WITH
THE PRIME MINISTER OF TURKEY

I enclose a record of the Prime Minister's meeting this afternoon with the Prime Minister of Turkey.

I am copying this letter and enclosure to Richard Motttram (Ministry of Defence), Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and Michael Stark (Cabinet Office).

Yours sincerely,

(CHARLES POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF TURKEY ON
TUESDAY 18 FEBRUARY 1986 AT 1700 HOURS AT NO. 10 DOWNING
STREET

Present:

Prime Minister
HM Ambassador, Ankara
Mr. C.D. Powell

Mr. Ozal
The Turkish Ambassador
Mr. C. Duna

The Prime Minister offered a very warm welcome to Mr. Ozal. She had been greatly looking forward to their talks. She enquired after President Evren.

Turkish Economy

The Prime Minister invited Mr. Ozal to give an account of economic developments in Turkey. Mr. Ozal said that the Turkish economy had experienced two good years. Growth had been 6 per cent in 1984 and 5 per cent in 1985 and he expected a similar figure in the present year. Growth had come mainly from improved efficiency and productivity, particularly in the agricultural sector. The weak spot had been Turkey's failure to reach its inflation target although he was confident of doing so this year. Growth had been particularly marked in exports. Industrial exports had increased from 30 per cent of the total in 1979 to 78 per cent in 1983. Mr. Ozal gave details of his Government's privatisation programme.

The Prime Minister complimented Mr. Ozal on the success of his economic policies. This created the best possible guarantee of political stability. She was particularly impressed by the speed of Turkey's agricultural development. Mr. Ozal said that he had no doubt that if an election were held now, his Party would win again.

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Iran/Iraq

The Prime Minister referred to the recent Iranian attack into Iraqi territory across the Shatt-Al-Arab. This seemed to have been more successful than at first realised and the Iraqis were clearly having difficulty in dislodging the Iranian forces. Mr. Ozal thought that the offensive had been well prepared. There were reasons to fear further attacks further North. Kuwait would be concerned that fighting was very close to her borders. The Prime Minister said that it would indeed be very worrying if Iran began to get the upper hand. The effect on the Gulf States would be particularly serious. But she wondered how long the Iranian people would sustain the slaughter to which their young people were being subjected. Mr. Ozal commented that it seemed to be a war without end. In a sense continuation of the war was what kept the Iranian regime in power.

European Community

The Prime Minister said that she knew how strongly Mr. Ozal felt about Turkey's links with the European Community. She invited him to explain his objectives.

Mr. Ozal traced the history of Turkey's Association Agreement with the European Community. Lack of political stability in Turkey in the 1970s had prevented the implementation of that Agreement. Meanwhile restoration of democracy in Greece after 1974 had enabled that country to apply for full membership of the Community. He believed that Turkey was now in a position where it could seriously consider membership of the Community. Turkey was following a free market model. There were no restrictions on imports. VAT was already applied, which was more than could be said for Greece, Spain or Portugal. The economy was competitive in all the main sectors. Turkish agriculture was complementary to rather than competitive with that of the other members of the Community. There was a difficult problem over migrant workers, affecting Germany. It was politically impossible for

his Government to go back on the agreement providing for free movement of workers. But were negotiations for Turkish membership of the Community to begin, the issue could be safely subsumed into them and a solution found. Turkey's close relations with the Islamic world would be a bonus for the European Community. Overall he believed that within ten years Turkey would come close to catching up with the Community average for GDP.

The Prime Minister said that she wished to be very direct. When Turkey applied for membership of the European Community, she must be accepted. There must be no question of an application which was rejected. That would be a disaster. For the moment, the Community faced the task of absorbing Spain and Portugal. This would preoccupy the Community for several years, during which it could not simultaneously grapple with the problems of a Turkish application. It also had to be recognised frankly that there were political objections to Turkish membership on the part of some countries. Britain appreciated Turkey's historic importance and its essential role in NATO and greatly admired the achievements of Mr. Ozal's government. She could pledge that we would do everything possible to make the Association Agreement work better, to prepare the ground for eventual negotiations were Turkey to decide to apply for membership. It had been agreed that there should be a meeting of the Association Council in the early autumn. That would be under the United Kingdom's Presidency and would be a further opportunity for us to help restore relations and create the conditions in which an application would have a chance of succeeding. But the fact had to be faced that such an application had no chance of success at present. She had noted carefully some of Mr. Ozal's own remarks in a recent newspaper interview which pointed in the same direction.

Mr. Ozal said that he was a practical man. He agreed that the first step was to unfreeze the Association Agreement and follow a step-by-step approach to Community membership. The Prime Minister welcomed Mr. Ozal's realism. He could

count on Britain as a good friend of Turkey.

Human Rights

The Prime Minister said that she recognised the great progress which had been made over the past two years towards improving the human rights situation in Turkey although there was still some aspects which gave us concern. These were internal matters for Turkey and she was certain that progress would continue. There had been some curious stories in the press about Mr. Benn being prevented from attending a meeting. Mr. Ozal said that the meeting was organised by a commercial firm. In Turkey firms were not allowed to involve themselves directly in politics. It was the meeting which had been banned rather than Mr. Benn.

Cyprus

The Prime Minister recalled that President Kyprianou had come to see her before the negotiations on Cyprus in New York in January 1985. She had strongly advised him then to accept the Secretary General's proposals. He had failed to do so and thereby considerably weakened his position. She would continue to urge President Kyprianou to accept the Secretary General's recommendations. She did not know what Mr. Ozal would say to Denktash. But she thought the sensible advice would be to avoid being caught wrong-footed. The Turkish Cypriots should accept promptly whatever the Secretary General proposed on condition that the Greek Cypriots did the same.

Mr. Ozal gave a discursive and rather hesitant account of the background to the Cyprus problem. His main point was that the Greek Cypriots had done very nicely out of the division of Cyprus. He asked himself why President Kyprianou had not accepted the Secretary General's 17 January proposals which would have allowed Greek Cypriots to remain a dominant force on the island. He reached two conclusions. The first was that there was no incentive for the Greek Cypriots to reach any agreement since the present situation suited them well.

And second, he thought that Greece was intent on using the Cyprus problem against Turkey and equally had no incentive to see a solution.

The Prime Minister disputed this on the grounds that it could not be in the interests of the Greek Cypriots to see the partition of Cyprus formalised. In any case, if the Turkish analysis was that Greece and the Greek Cypriots had little incentive to reach a settlement, this was all the more reason to encourage Denktash to be reasonable and to accept the Secretary General's proposals. This would put President Kyprianou on the defensive. Mr. Ozal said that the Turkish Government had seen the 17 January proposals as the furthest point to which they could push Mr. Denktash. It would be politically impossible to get him to go any further. He wondered why some governments did not threaten to recognise the Turkish Cypriot government in the North unless the Greek Cypriots showed themselves more reasonable by accepting the Secretary General's proposals.

Sir Mark Russell suggested that the Turkish Government should put President Kyprianou to the test by persuading Denktash to show maximum flexibility during the next round. The Turkish Ambassador protested that one could not sacrifice the legitimate rights of the Turkish Cypriots simply in order to put pressure on Greece. The Prime Minister said that there was no question of that. But pressure on the Greek Cypriots would be greatly increased if Turkey could give some indication of an intention to withdraw Turkish troops.

British Embassy Compound in Ankara

The Prime Minister said that she wished to raise one final small matter with Mr. Ozal and that was our desire to build additional staff accommodation in our Embassy compound in Ankara. There seemed to be some inexplicable problem in the way of this. Mr. Ozal, who was clearly completely unsighted, asked whether the problem lay with the Mayor of Ankara. The Prime Minister said that her understanding was

that the objections were being raised by the Turkish Foreign Ministry. The Turkish Ambassador - by this time in a high state of excitement - explained the great difficulty faced by the Turkish Embassy in London in extending leases on its existing buildings or finding alternative accommodation. The Prime Minister pointed out that one could hardly compare the situation which existed in Ankara in 1924 with the London property market in 1986. She would be grateful if Mr. Ozal would have a look at the problem. The Turkish Ambassador said, through gritted teeth, that he would ensure that his Prime Minister was fully briefed.

The meeting ended at 1815.

C.D.P.

C.D. POWELL

18 January 1986

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PRIME MINISTER'S MEETING WITH THE TURKISH
PRIME MINISTER

1. Ask after Turkish President
2. State of Turkish economy
3. European Community
4. Textiles
5. Cyprus
7. British Embassy compound