



Foreign and Commonwealth Office

London SW1A 2AH

From the Parliamentary Under Secretary of State

12 September 1986

Dear Jill,

CDP
17/9.

APT: CYPRUS

Mr Eggar has seen Steven Phillip's letter to you of 8 September. He has asked me to let you know that FCO believes that the EX decision of June 1985 does not exclude the exceptional use of ATP in countries like Cyprus for particularly important contracts where other countries are offering soft financing.

Strong trade relations are an important element in our overall relationship with the Greek Cypriots, on whose good will we depend for the smooth functioning of the Sovereign Base Areas. The Cypriots are sensitive to any perceived loss of British interest in Cyprus, in trade as well as in other areas. Some of our competitors in Cyprus regularly use aid to secure important contracts in Cyprus. Failure on our part in certain cases to follow suit might not only lose us valuable contracts but give dangerous signals to the Cypriots.

We entirely accept that initiation of aid in Cyprus should be on exceptional basis in accordance with procedures agreed by EX Committee in June 85. But a blanket embargo on ATP in Cyprus for the foreseeable future as implied in your letter of 1 August could bring all our efforts to re-establish a high British trade profile in Cyprus to nought.

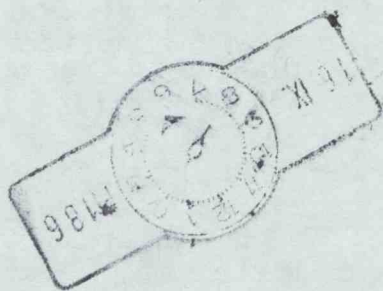
I am copying this letter to Charles Powell at No 10 and to Private Secretaries to members of EX.

Yours

Alistair

Private Secretary to
Tim Eggar MP

Ms J K Rutter
Private Secretary to the
Chief Secretary to the Treasury
Treasury Chambers
Parliament Street
LONDON SW1P 3AG



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