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 TO IMMEDIATE FCO
 TELNO 570
 021140Z DECEMBER 86

FOLLOWING FOR PRIVATE SECRETARY AND PRIVATE SECRETARY TO
 PRIME MINISTER

PAPANDREOU

SUMMARY

1. HINTS THAT GREECE COULD BE SERIOUS ABOUT BUYING TORNADO.
 PAPANDREOU'S DIPLOMATIC ADVISER URGES THAT DEFENCE SALES PROSPECTS
 WOULD BE IMPROVED IF THE PRIME MINISTER WOULD HAVE A WORD WITH
 PAPANDREOU DURING THE EUROPEAN COUNCIL.

DETAIL

2. AFTER PAPANDREOU BRIEFED THE HOUSE OF COMMONS SELECT
 COMMITTEE ON FOREIGN AFFAIRS ABOUT CYPRUS TODAY, I HAD A SHORT
 MEETING WITH HIM AT WHICH HIS DIPLOMATIC ADVISER, MAHAIRITSAS,
 WAS PRESENT.

3. I HANDED OVER THE ORIGINAL OF MRS THATCHER'S MESSAGE OF
 19 NOVEMBER. PAPANDREOU WAS GRATEFUL AND SAID HE WAS MUCH LOOKING
 FORWARD TO HIS VISIT TO LONDON. THERE WERE NO PARTICULAR POINTS
 ON THE AGENDA WHICH HE WANTED TO PUT TO THE PRIME MINISTER IN
 ADVANCE.

4. I TOLD HIM THAT MY MINISTERS ATTACHED IMPORTANCE TO MAKING
 PROGRESS ON THE MAJOR DEFENCE AND CIVIL PROJECTS WE WERE NOW
 DISCUSSING. PAPANDREOU CONFIRMED THAT THIS WAS ALSO HIS INTENTION.
 I SAID THAT THE COLLABORATION BETWEEN BRITISH AEROSPACE AND
 HELLENIC AEROSPACE INDUSTRIES OVER THE ADVANCED TURBO PROP COULD
 DEVELOP INTO A SIGNIFICANT JOINT INDUSTRIAL PROJECT OF GREAT
 VALUE TO GREECE. WE WERE AWAITING THE OUTCOME OF THE GREEK
 GOVERNMENT'S CHOICE ON FRIGATES. AND STATHIS (THE JUNIOR MINISTER
 OF DEFENCE) WOULD BE CARRYING THE DISCUSSION FURTHER IN LONDON
 NEXT WEEK. I SAID THAT WE WERE ALSO ARRANGING FOR HIM TO SEE
 THE TORNADO.

5. AFTERWARDS, MAHAIRITSAS TOLD ME PRIVATELY THAT HE WAS
 CONVINCED THAT IT WOULD BE BENEFICIAL TO QUOTE OUR MUTUAL
 INTERESTS UNQUOTE (AND BY THAT HE MEANT THAT IT WOULD IMPROVE OUR

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PROSPECTS ON THESE PROJECTS). IF THE PRIME MINISTER COULD SEE PAPANDREOU FOR A FEW MINUTES DURING THE EUROPEAN COUNCIL. MAHAIRITSAS SAID THAT A GESTURE BY HER COULD MAKE ALL THE DIFFERENCE.

COMMENT

6. WHAT MAHAIRITSAS SAID TO ME REPEATS WHAT WE HAVE ALREADY REPORTED ON OTHER CHANNELS. WE KNOW THAT THE GREEK GOVERNMENT'S DECISION ON THE VOSPER THORNEYCROFT FRIGATE BID IS NOW HANGING IN THE BALANCE. WE ALSO NOW BELIEVE THAT PAPANDREOU MAY BE SERIOUSLY INTERESTED IN BUYING THE TORNADO. AT A SUPPER FOR THE FOREIGN AFFAIRS COMMITTEE LAST NIGHT STATHIS TOLD ME THAT HE HAD URGED PAPANDREOU TO BUY A TORNADO-TYPE STRIKE AIRCRAFT. IT HAD BEEN A MISTAKE FOR GREECE TO GO FOR THE MIRAGE AND THE F-16, WHICH WERE TWO SIMILAR FIGHTERS. STATHIS SAID THAT THE GREEKS KNEW TORNADO WAS AN EXCEPTIONAL AIRCRAFT. PAPANDREOU WOULD NOT BE ABLE TO TAKE A DECISION ABOUT IT UNTIL THE OUTCOME OF THE CURRENT NEGOTIATIONS WITH THE AMERICANS OVER THE F-16 WAS KNOWN.

7. IN THESE CIRCUMSTANCES I SEE ADVANTAGE IN THE PRIME MINISTER MAKING A GESTURE TO PAPANDREOU IN ORDER TO IMPROVE OUR CHANCES. I DO NOT THINK SHE NEED GIVE MUCH MORE THAN THE GESTURE OF A FEW COMFORTABLE WORDS. SHE COULD CONFIRM BRITAIN'S INTEREST IN DEVELOPING OUR BILATERAL ECONOMIC RELATIONS, MENTIONING FRIGATES, ATP AND OUR READINESS TO OFFER TORNADO. ON THE COMMUNITY, SHE COULD SAY THAT IN THE ECONOMIC AND SOCIAL DEVELOPMENT OF THE EC WE RECOGNISED THAT THERE HAD TO BE A BALANCE OF ADVANTAGE BETWEEN NORTH AND SOUTH AND THAT ALL THE PARTNERS NEEDED TO FEEL COMFORTABLE INSIDE THE CLUB. ON TURKEY AND THE EC, SHE COULD CONFIRM THAT BRITAIN HAD NO WISH TO SEE AN EARLY TURKISH APPLICATION FOR FULL MEMBERSHIP. ON CYPRUS, SHE COULD THANK PAPANDREOU FOR THE WAY HE HAD LOOKED AFTER THE FAC IN ATHENS ON 1/2 DECEMBER AND SAY THAT WE WANTED TO KEEP CLOSELY IN TOUCH WITH GREECE OVER THE CYPRUS ISSUE, WHOSE IMPORTANCE WE FULLY RECOGNISED.

8. INCIDENTALLY, DESPITE HIS RECENT BUFFETINGS (MY TEL NO. 565) PAPANDREOU TODAY APPEARED CALM AND IN GOOD HUMOUR. IT IS TOO SOON TO WRITE HIM OFF.

THOMAS

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