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TO IMMEDIATE FCO

TELNO 136

OF 200945Z APRIL 88

INFO IMMEDIATE NICOSIA, ANKARA

INFO ROUTINE WASHINGTON, UKMIS NEW YORK, PARIS, ROME, UKREP BRUSSELS

YOUR TELS 78 AND 79: MESSAGE FROM THE PRIME MINISTER TO
PAPANDREOU

1. I CALLED ON PAPANDREOU ON 20 APRIL AND DELIVERED THE PRIME MINISTER'S MESSAGE. HE SAID HE WAS GRATEFUL TO HER AND WOULD SEND A PERSONAL REPLY.
2. HE WANTED ME TO KNOW STRAIGHT AWAY THAT THERE WOULD BE NO PROBLEM ON THE GREEK SIDE OVER THE COMMON POSITION FOR THE EC/TURKEY ASSOCIATION COUNCIL. BUT ON THE FOURTH PROTOCOL, GREECE COULD NOT CHANGE ITS POSITION. I SAID THAT, SPEAKING PERSONALLY, I HAD WONDERED WHETHER GREECE COULD NOT BREAK THE LINKAGES IT HAD PLACED ON THIS ISSUE AND, IN THE SPIRIT OF DAVOS, AGREE THE PROTOCOL AND THEREBY ENCOURAGE TURKEY TO MAKE ANOTHER GESTURE IN THE STEP BY STEP PROCESS. PAPANDREOU DID NOT REJECT THIS.
3. I ASKED HOW PAPANDREOU SAW THE PROSPECTS FOR OZAL'S VISIT TO ATHENS IN JUNE. HE SAID HE COULD NOT BE SURE. THERE WOULD HAVE TO BE INFORMAL CONTACTS BETWEEN ATHENS AND ANKARA BEFORE THEN. HE BELIEVED OZAL WANTED TO WORK FOR DETENTE, BY CONCENTRATING ON CONFIDENCE-BUILDING MEASURES WHICH, IN TIME, COULD ALLOW THE DIFFICULT ISSUES TO BE TACKLED WITH A GREATER PROSPECT OF SUCCESS. BUT, AS OZAL HAD TOLD HIM IN DAVOS, THERE WERE 3 ESTABLISHMENTS IN TURKEY: THE MILITARY, THE DIPLOMATS AND THE BUSINESSMEN, AND HE COULD ONLY COUNT ON THE LAST. PAPANDREOU SAID THAT HE HAD BEEN PLEASED AT THIS WEEK'S MEETING IN ATHENS OF THE TURKISH AND GREEK BUSINESSMEN. BUT HE REALLY DID NOT KNOW WHAT TO MAKE OF RECENT TURKISH MILITARY OVERFLIGHTS. HE BELIEVED THE TURKISH MILITARY WERE NOT HAPPY OVER THE DAVOS PROCESS. HE RECOGNISED THAT THERE WERE CRITICS OF THE PROCESS IN BOTH COUNTRIES. I ENCOURAGED HIM TO MAINTAIN THE STEP BY STEP MOMENTUM - HE GRINNED WHEN I SAID IT WAS RATHER AN ENGLISH WAY OF PROCEEDING.
4. TURNING TO CYPRUS, PAPANDREOU SAID HE HAD BEEN IMPRESSED BY VASSILIOU. HE WAS LESS LEVANTINE, AND MORE INTERESTED IN RESULTS,

THAN HIS PREDECESSOR. HE BELIEVED VASSILIOU WAS READY TO TALK TO DENKTASH, THE EARLIER EXCHANGES HAD BEEN TACTICAL, AND, AFTER ALL, KYPRIANOU HAD BEEN HAPPY TO MEET DENKTASH IN THE PAST, PAPANDREOU SAID HE DREW A DISTINCTION BETWEEN THE INTERNAL AND THE INTERNATIONAL ASPECTS OF THE CYPRUS PROBLEM. THE FIRST WAS FOR THE TWO PARTIES. THE INTERNATIONAL ASPECTS INVOLVED PARTICULARLY THE UN, TURKEY AND THE UK. (HE DID NOT MENTION GREECE.) HE HAD MADE A PROPOSAL ABOUT DEMILITARISATION TO OZAL, INVOLVING WITHDRAWAL OF THE TURKISH TROOPS, DISSOLUTION OF THE NATIONAL GUARD, AND UN OVERSIGHT. DEMILITARISATIONS SEEMED TO HIM THE KEY. I ASKED HOW HE SAW THE SEQUENCE OF EVENTS. AS THE PRIME MINISTER HAD SAID IN HER MESSAGE, IT SEEMED ONLY REALISTIC TO GET THE NEGOTIATIONS GOING BEFORE THE TURKS COULD COMMIT THEMSELVES TO WITHDRAWAL. PAPANDREOU DODGED THIS BY SAYING, SIMPLY, THAT HE WAS NOT SURE YET WHAT VASSILIOU'S VIEWS WERE ON THE SEQUENCE. BUT THEY WERE INSTALLING A HOT LINE AND THIS SHOULD IMPROVE THEIR COMMUNICATIONS. HE WAS ALSO SENDING MACHAIRITSAS, HIS FORMER DIPLOMATIC ADVISER, TO NICOSIA AS AMBASSADOR.

5. TURNING TO OTHER ISSUES, I ASKED PAPANDREOU IF HE WAS PLANNING A TOUR OF EC CAPITALS BEFORE THE RHODES COUNCIL. HE CONFIRMED THAT HE WAS AIMING TO DO SO BETWEEN 16 AND 25 NOVEMBER.

6. I SAID WE HAD BEEN DISAPPOINTED AT THE OUTCOME OF THE FRIGATE COMPETITION. WE COULD NOT MATCH THE GERMAN HAND-OUTS ON TANKS AND AIRCRAFT. BUT WE WERE GLAD TO SEE MARCONI HAD WON THE ASSESSMENT FOR THE LANDING CRAFT COMBAT SYSTEM, ON PRICE AND TECHNICAL MERIT. WE NATURALLY HOPED THE FINAL DECISION WOULD CONFIRM THIS. PAPANDREOU MADE A NOTE.

7. HE SAID HE HAD BEEN ENCOURAGED BY THE GROWING SIGNS OF TRADE AND INVESTMENT INTEREST BETWEEN BRITAIN AND GREECE. ROUMELIOTIS HAD TOLD HIM OF THE SUCCESS OF THE RECENT CBI CONFERENCE IN LONDON. I SAID THAT WE HAD BEEN ENCOURAGED TO HEAR THAT THE TAYLOR WOODROW BID FOR THE ACHELOOS CONTRACT WAS WELL THOUGHT OF.

8. I FINALLY ASKED HIM TO GIVE HIS BLESSING TO THE ADMINISTRATIVE SETTLEMENT OF THE NOEL-BAKER ESTATE. IT WAS TWO YEARS SINCE YOU HAD RAISED THIS WITH HIM. I OUTLINED WHAT HAD NOW BEEN AGREED IN PRINCIPLE. HE SAID IT SOUNDED FAIR AND SENSIBLE.

THOMAS

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