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PRIME MINISTER

MEETING WITH PRESIDENT VASSILIOU

You have a meeting on Friday morning with President Vassiliou. He is on his way back from two days of meetings with Denktash in New York, under the auspices of the UN Secretary-General. We do not yet know the outcome of these. The likely upshot is either agreement on a future programme of work (good) or an interruption of the talks for a period (bad).

The main points to cover in your talk are:

- ask for an account of his talks in New York.
- welcome the programme of work if one has been agreed.
- urge that any interruption of the talks should be as brief as possible. An interruption will lose the momentum of the talks, and lead to him being blamed for any subsequent break-down.
- say that you will be ready to intervene with the Turks but only when the time is right and you have something specific to offer.
- but the fact is that the Turks support Denktash's present positions and will only put pressure on him to modify them, if they scent the prospect of some concessions in return.
- has Vassiliou considered a possible interim package deal? For instance if you could tell Ozal that Vassiliou would agree to a residual Turkish (and Greek) military presence after a settlement in return for some circumscribed right to exercise the 'Three Freedoms' and an adjustment to the boundaries to allow substantial numbers of Greek Cypriot refugees

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to return home, we might begin to get somewhere.
Can he accept this?

- meanwhile you are concerned at recent incidents created by Greek Cypriots in the UN Buffer Zone. If they go on, UNFICYP might begin to unravel, as troop contributors get worried about the safety of their units. You welcome his firm line with those responsible.
- your views on Cyprus membership of the EC remain as you explained last time. EC membership should follow agreement on a unified Cyprus rather than precede it. An application now would be unlikely to get far. But you welcome Cyprus' desire for closer links with the Community.
- (if he raises it) we agree that the new motorways which he plans should pass through the SBAs, but we can make no commitment to meet the construction costs. The roads are not there to serve the bases.
- you welcome the Crisis Management Seminar to be held in late November (in which Vassiliou will take part). You are grateful for his cooperative attitude on counter-terrorist operations in Cyprus.

A fuller letter by the FCO is in the folder. There will also be some last-minute briefing.

I attach the records of your last meetings.

C D?
C. D. POWELL

23 November 1988

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Please now see important additional brief attached.