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CENTRAL INTELLIGENCE AGENCY
August 20, 1974

INTELLIGENCE MEMORANDUM

CYPRUS

Situation Report Number 17
(As of 1600 EDT)

(All times cited are Nicosia time, unless otherwise specified.)

PEACE TALKS

1.

Foreign Secretary

Callaghan is planning to send invitations to the principals in Greece, Turkey and Cyprus to meet in Geneva on August 27 or 28 to resume peace talks. Earlier today, a Foreign Office spokesman told the press that the British High Commissioner in Nicosia had approached Cypriot President Clerides yesterday on the possibility of resuming talks.

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TURKISH INTENTIONS

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3. There are now about 36,000 Turkish mainland troops on Cyprus. This includes an additional 4,000 that arrived during the second round of hostilities. Plans are being implemented to winter on Cyprus and the Turks have no intention of withdrawing before next spring. They do not,

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however, plan to annex the territory they control. Current political planning is still centered on establishing a federal system.

4. Deputy Prime Minister Erbahar was quoted today as saying a Turkish Cypriot federal state will be unilaterally established in Cyprus if there is an extended delay in getting the peace talks started. He said some state services--postal and passport facilities--should start functioning immediately.

5. [REDACTED]

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(b)(3)FALLOUT FROM GREEK ARMY RESHUFFLE

6. In his initial comments to his general staff on August 19, General Dionysios Arbouzis, the new commander in chief of the Greek armed forces, appealed for objectivity and cooperation despite the bitterness, confusion, damaged honor, and even hatred caused by the public positions taken by Greece's traditional allies. Arbouzis stressed that since Greece is still threatened with intransigence and possibly further demands from Turkey, the armed forces should maintain strict military discipline and high professional standards.

7. The US embassy reports that General Arbouzis had an outstanding record prior to his retirement in 1967 and that his service at SHAPE, in addition to Cyprus and Korea, gives him unusually varied international experience. The new commander in chief was not an active opponent of either ex-President Papadopoulos or General Ioannidis, and his appointment is therefore less likely to stimulate resentment among remaining supporters of the two men. The embassy considers Lt. General Gratzios, who is now in command of the Third Corps in

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Thrace, the most effective and best qualified general now serving.

8. According to the embassy, the timing of the changes in the army clearly reflect the fact that--as announced by Prime Minister Karamanlis in his August 15 speech--Greece was not prepared for a military showdown with the Turks in Cyprus. Any changes prior to that decision would have been dangerously destabilizing, and the movement out of Athens on August 11 of troop units which could have been used for a military coup was an essential prerequisite to the changes. It is widely anticipated that General Ioannidis will be passed over for promotion, thus leading to his automatic retirement, and removing him from the threatening position of influence he still maintains.

9. In commenting on the new assignments in the Greek army, the US defense attache concluded that, in general, officers with good military qualifications had been placed in key field and staff positions. He also noted that General Lambros Stathopoulos, ex-director of the Greek central intelligence agency, which had been heavily infiltrated with Ioannidis supporters, had been transferred far from Athens to head "A" corps in northern Greece.

GREECE-YUGOSLAV RELATIONS

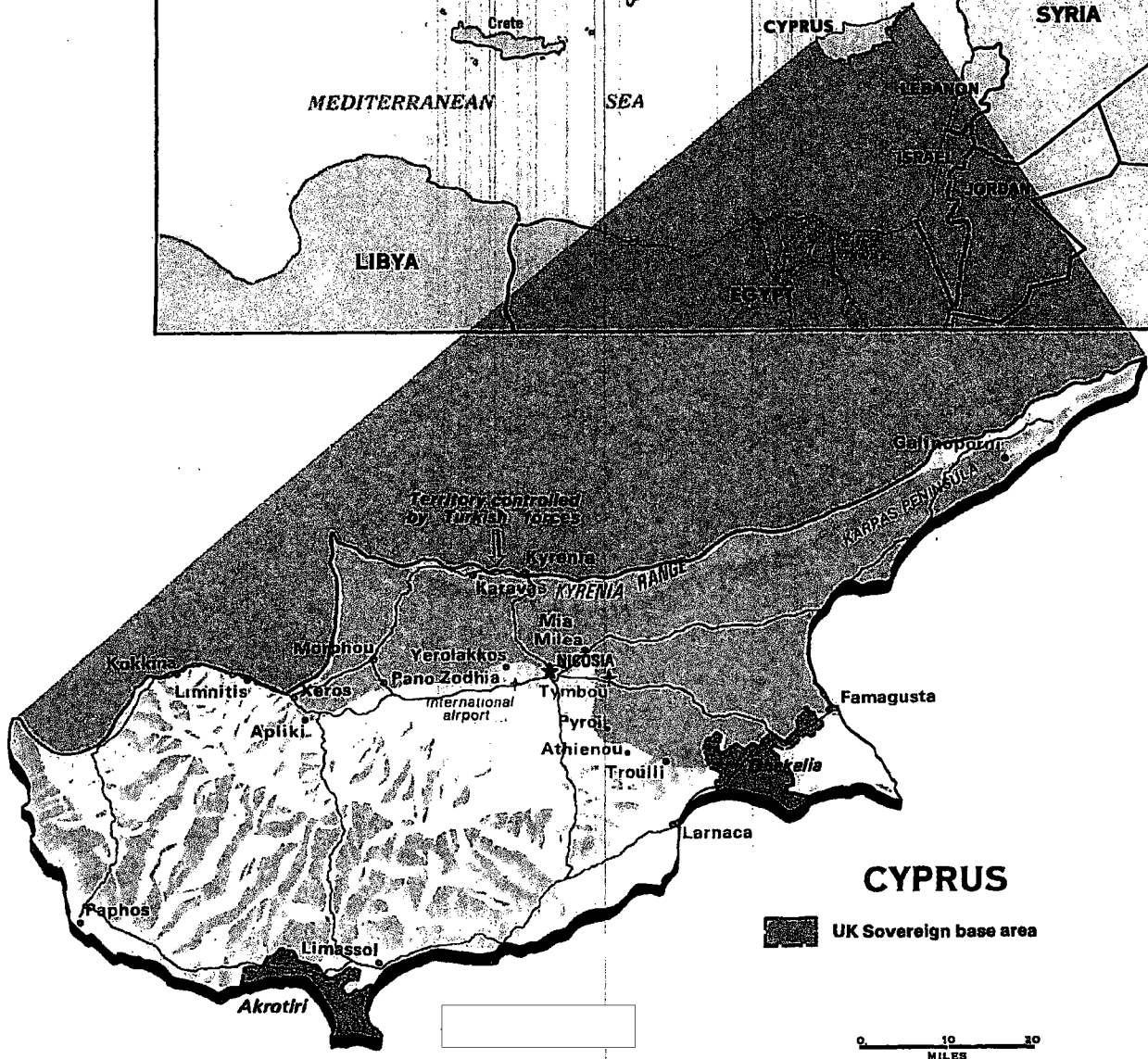
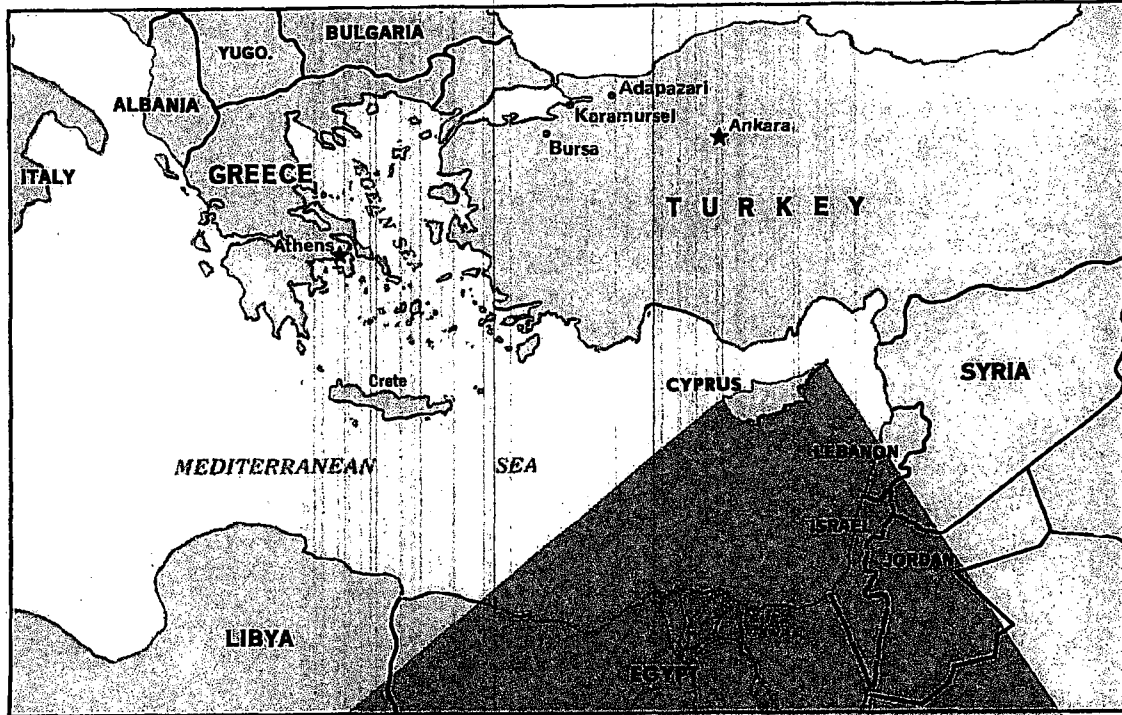
10. [redacted] a Greek minister said yesterday that Athens had just signed a "defense pact" with Yugoslavia. A formal defense pact seems unlikely. Tito may well have assured the Greeks--through his personal emissary, Foreign Minister Minic--that there would be no trouble on their common borders. Greece gave Yugoslavia similar assurances after the Soviets invaded Czechoslovakia. Belgrade probably is anxious to create a climate in which the Greeks will not find it necessary to resume military ties with NATO.

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COMMENTS FROM MAKARIOS

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CYPRUS ARRESTS

12. The French news agency, citing a British Forces radio broadcast from Cyprus, reported today that three people have been arrested in connection with the killing of Ambassador Davies. The British radio said that the three people had no links with any group.

DENKTASH RETURNS

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MILITARY SITUATION

14. No significant fighting was reported on Cyprus today. A few firing incidents were reported in the Nicosia area. UN reports indicate that Turkish forces were responsible for at least two of the incidents. A Turkish commander on the Karpas Peninsula gave the UN commander there an ultimatum to withdraw from two outposts by midnight. If the UN does not comply, the Turkish leader said he would not be responsible for the lives of the UN personnel.

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ON THE MAINLAND

16. The US defense attache in Athens reports that a ferry carrying tanks and crated military equipment arrived in Crete late last night. This is the sixth ferry that has been sighted bringing troops or supplies to the island in the past few days.

17. The US defense attache in Ankara reports that some 500 Turkish troops--probably part of the 2nd infantry division from Adapozari--moved southwest by truck through Karamursel toward Bursa yesterday. The ultimate destination of the unit has not been determined, but, so far, the move does not appear to be related to an impending offensive.

EUROPEAN COMMUNITY

18. Representatives of the EC Nine met in Paris yesterday to review the Cyprus situation. A consensus supported a bi-regional federation as holding the best promise for a lasting solution on the island. The Nine will evidently let the British pursue their diplomatic initiatives without further joint demarches in the name of the community. Individually, they agreed to inform Ankara of their "earnest hope" for no further advances of Turkish troops.

19. The Nine clearly want to show some understanding of Athens' present plight. The most obvious way to do this would be to resume the EC's negotiations with Athens over Greece's status as an associate, but the absence of a freely elected government in Athens posed difficulties for Brussels. The Nine will look for some "practical formula" to permit reconvening the negotiations.

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The president of the European Parliament is already in Athens discussing association matters with Greek officials.

20. The Nine agreed to "do something" on disaster relief for Cyprus through the International Committee of the Red Cross. They will also attend a special meeting tomorrow of the Council of Europe's Assembly, which already has under its jurisdiction a fund that could be used for disaster relief.

The next situation report will be published at 1600 (EDT) tomorrow unless events warrant additional coverage.

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