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PREM 19/236

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PM's visit to Greece and Yugoslavia
in September 1980 - Policy.

FOREIGN POLICY

August 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
1.9.80							
12.9.80							
29.9.80							
2.10.80							
6.10.80							
23.10.80							
6.10.80							

PREM 19/236

Arrival statement in Athens, departure; arrival & departure
statements in Yugoslavia, Speeches etc. filed separately
on PM speeches folder.

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From The Rt. Hon. Baroness Elles



House of Lords

for ~~Red~~ MODA
Prime Minister
Handwritten initials and a circled '2'

6th October 1980

Dear Prime Minister

Handwritten flourish

Thank you so much for letting me know of the results of your talks with Mr Rallis on the position of N.D. In accordance with your advice we will keep the matter open and hope they may join us at a later stage.

With very best wishes to you
Sincerely
Baroness Elles

Handwritten signature: *Baroness Elles*

The Rt. Hon. Mrs Margaret Thatcher, M.P.,
Prime Minister,
10 Downing Street,
LONDON,
S.W.1.



8881300 8
-8 OCT 1980





R16
For Parl.

10 DOWNING STREET

THE PRIME MINISTER

2 October 1980

Dear Diana

Thank you for your letter of 11 September about the possibility of members of Nea Demokratia (ND) joining the European Democratic Group (EDG) in the European Parliament.

I was able to raise this with the Greek Prime Minister during my visit to Athens and to ask him whether the members of ND intended to join the EDG. Mr. Rallis told me that this was a decision for the party rather than for him. Their intention was to act as an independent group following their arrival in the European Parliament and to postpone a decision as to which political grouping they would join until they had acquired some experience of the situation. I do not think that ND will change this position at present and would not be inclined to push too hard to do so. Although Mr. Rallis did not make the point, they may well intend to wait until the elections have been held in Greece next spring before taking the matter any further.

I am writing in similar terms to James Scott-Hopkins and Nicholas Bethell, from whom I have had letters on the same subject.

Yours sincerely

MT

The Right Honourable Baroness Elles.

jfh

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC(80) 34th Conclusions, Minute 1 (extract)

Date: 2 October 1980

Signed Wayland Date 16 March 2010

PREM Records Team



10 DOWNING STREET

THE PRIME MINISTER

2 October 1980

Dear Jim

Thank you for your letter of 18 September about the possibility of members of Nea Demokratia (ND) joining the European Democratic Group (EDG) in the European Parliament.

I was able to raise this with the Greek Prime Minister during my visit to Athens and to ask him whether the members of ND intended to join the EDG. Mr. Rallis told me that this was a decision for the party rather than for him. Their intention was to act as an independent group following their arrival in the European Parliament and to postpone a decision as to which political grouping they would join until they had acquired some experience of the situation. I do not think that ND will change this position at present and would not be inclined to push too hard to do so. Although Mr. Rallis did not make the point, they may well intend to wait until the elections have been held in Greece next spring before taking the matter any further.

I am writing in similar terms to Diana Elles and Nicholas Bethell, from whom I have had letters on the same subject.

Yours sincerely

MT

James Scott-Hopkins, Esq.

jfh



10 DOWNING STREET

THE PRIME MINISTER

2 October 1980

Dear Nicholas

Thank you for your letter of 19 September about the possibility of members of Nea Demokratia (ND) joining the European Democratic Group (EDG) in the European Parliament.

I was able to raise this with the Greek Prime Minister during my visit to Athens and to ask him whether the members of ND intended to join the EDG. Mr. Rallis told me that this was a decision for the party rather than for him. Their intention was to act as an independent group following their arrival in the European Parliament and to postpone a decision as to which political grouping they would join until they had acquired some experience of the situation. I do not think that ND will change this position at present and would not be inclined to push too hard to do so. Although Mr. Rallis did not make the point, they may well intend to wait until the elections have been held in Greece next spring before taking the matter any further.

I am writing in similar terms to Diana Elles and James Scott-Hopkins, from whom I have had letters on the same subject.

Yours ever

MT

The Lord Bethell

jfh



Foreign and Commonwealth Office

London SW1A 2AH

1 October 1980

Dear Michael,

Prime Minister's visits to Greece
and Yugoslavia

I understand that you have asked for a speaking note on the visits to Greece and Yugoslavia, for possible use by the Prime Minister in Cabinet on 2 October. I enclose a note on which the Prime Minister might draw.

Yours truly

A handwritten signature in blue ink that reads "Paul".

(P Lever)
Private Secretary

M O'D B Alexander Esq
No 10 Downing Street



VISIT TO GREECE (22-24 SEPTEMBER) AND
YUGOSLAVIA (24-26 SEPTEMBER)

Greece

First visit by British Prime Minister since 1958. Success as political and public relations gesture on eve of Greek accession to the European Community on 1 January; and perhaps useful to Rallis's New Democracy ahead of general elections next year.

Hoped that contract for a coal-fired power station worth £150 million would be clinched during visit. Terms improved, including NCB contribution over coal supply. But Greek Minister of Coordination jibbed. Offer remains on table: Nott visit 12-14 October.

Talks wide-ranging: main Greek emphasis on urgency of agreement over Greek reintegration in military structure of NATO. Strong pitch that no progress made because of Turkish veto and that electoral pressures would require application to be withdrawn and US bases removed if agreement delayed beyond turn of the year. Appeal for pressure on Turkey. But General Rogers insists that progress is being made: implication that the Greek move was tactical. Need to monitor closely given importance for NATO.

/Yugoslavia

Yugoslavia

First ever visit by British Prime Minister in office. Aim to demonstrate importance attached to Yugoslavia and our continuing support for its independence and non-aligned policies. No specific business pursued but Yugoslavs wanted visit to establish framework for closer bilateral relations and to exploit it as expression of confidence by us in stability of post-Tito regime.

Trade

Opportunity to see at first hand collective leadership and indescribably complicated constitutional and social system, designed to prevent dominance of any person or region and to encourage worker participation in what still has many trappings of communist state. Inefficient and cumbersome by Western standards, economic situation (trade balance, overseas debt, unemployment etc) poor. Leadership claim that Yugoslavia can be insulated from crisis of communism elsewhere but economic problems reinforce their nervousness and pressure for Western economic support. Made point strongly that it was up to them to exploit open Western markets - largely accepted by them.

Talks (Prime Minister Djuranovic present at all three main sessions) covered trade balance, debt and sensitive topic of Croatian dissident activity in UK, and range of international topics - third world/development, East-West/CSCE, Poland, Iran/Iraq, Middle East etc. Predictable differences of view but Yugoslavs spoke openly and frankly and seemed to welcome unvarnished expression of UK views.

Foreign Affairs

file

CONFIDENTIAL

THP



10 DOWNING STREET

From the Private Secretary

29 September 1980

Dear Paul,

PRIME MINISTER'S VISIT TO GREECE
AND YUGOSLAVIA

I enclose a complete set of the records of the Prime Minister's conversations during her recent visits to Athens and Belgrade. There is no particular sensitivity about the records and there would be no objection to your giving them whatever further distribution you think appropriate.

Yours ever

Michael Alexander

Paul Lever, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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DESKBY 261445Z
FM BELGRADE 261415Z SEP 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 276 OF 26 SEPTEMBER

PRIME MINISTERS VISIT TO YUGOSLAVIA

1. FOLLOWING JOINT STATEMENT WAS ISSUED TODAY 26 SEPTEMBER AT 1300Z.

AT THE INVITATION OF THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA, VESELIN DJURANDVIC, THE PRIME MINISTER OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND, MRS MARGARET THATCHER, APID AN OFFICIAL FRIENDLY VISIT TO YUGOSLAVIA FROM 24TH TO 26TH SEPTEMBER 1980.

THE DISCUSSIONS BETWEEN THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL AND THE PRIME MINISTER WERE HELD IN A WARM SPIRIT OF MUTUAL RESPECT, UNDERSTANDING AND TRADITIONAL FRIENDSHIP.

DURING HER STAY IN YUGOSLAVIA MRS THATCHER WAS RECEIVED BY THE PRESIDENT OF THE PRESIDENCY OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA, CVIJETIN MIJATOVIC. THEY HAD SUBSTANTIVE AND CONSTRUCTIVE DISCUSSIONS ON BILATERAL RELATIONS AND CO-OPERATION, AS WELL AS ON THE CURRENT INTERNATIONAL SITUATION. THE PRIME MINISTER ALSO HAD MEETINGS WITH OTHER IMPORTANT YUGOSLAV PERSONALITIES.

THE PRIME MINISTER VISITED THE MAJOR STEEL MILL WHICH IS BEING BUILT AT SMEDEREVO WITH THE PARTICIPATION OF BRITISH INDUSTRY. DURING HER VISIT TO THE SOCIALIST REPUBLIC OF MACEDONIA, MRS THATCHER HAD MEETINGS WITH THE SENIOR LEADERS OF THE REPUBLIC AND VISITED THE ORGANIC CHEMICAL INDUSTRY ENTERPRISE AT SKOPJE. SHE ALSO VISITED THE SOCIALIST REPUBLIC OF CROATIA AND THE CITY OF DUBROVNIK, WHERE SHE MET LEADING PERSONALITIES AND TOURED PLACES OF CULTURAL AND HISTORICAL INTEREST.

THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL AND THE PRIME MINISTER RECALLED THAT THE FRIENDSHIP BETWEEN THEIR TWO COUNTRIES WAS FOUNDED ON THE WAR-TIME CO-OPERATION IN WHICH SIR WINSTON CHURCHILL AND MARSHAL TITO PLAYED A CENTRAL PART.

/ THEY

THEY EXPRESSED WARM SATISFACTION AT THE CONTINUATION IN RECENT YEARS OF THE SUCCESSFUL DEVELOPMENT OF RELATIONS AND CO-OPERATION BETWEEN THE TWO COUNTRIES, BASED ON RESPECT FOR THE PRINCIPLES OF INDEPENDENCE, SOVEREIGNTY, TERRITORIAL INTEGRITY, NON-INTERFERENCE, EQUAL CO-OPERATION AND MUTUAL BENEFIT.

THE PRIME MINISTER EXPRESSED TO THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL THE SINCERE CONDOLENCES OF THE BRITISH PEOPLE ON THE DEATH OF PRESIDENT TITO WHO WAS WIDELY ADMIRER AS A GREAT INTERNATIONAL STATESMAN AND A FOUNDER MEMBER OF THE NON-ALIGNED MOVEMENT, WHO HAD DEVOTED HIS LIFE TO THE DEVELOPMENT OF HIS COUNTRY AND THE STRENGTHENING OF ITS INDEPENDENCE AND TO INTERNATIONAL PEACE AND SECURITY.

THE TWO PRIME MINISTERS RECOGNISED THE IMPORTANCE OF STATE AND POLITICAL VISITS BETWEEN THE TWO COUNTRIES FOR THE STRENGTHENING OF MUTUAL UNDERSTANDING AND FRIENDSHIP. THEY AGREED THAT RELATIONS HAD BEEN GREATLY STRENGTHENED BY THE VISITS OF PRESIDENT TITO TO THE UNITED KINGDOM IN 1953, 1971 AND 1978 AND THE VISIT OF HER MAJESTY QUEEN ELIZABETH II TO YUGOSLAVIA IN 1972. THEY NOTED WITH SATISFACTION THE INCREASE IN VISITS AND CO-OPERATION AT ALL LEVELS AND IN ALL FIELDS BETWEEN THE TWO COUNTRIES AND THE EXPANSION OF TOURISM AND OTHER FORMS OF CONTACT BETWEEN THEIR PEOPLES.

THE TWO SIDES AGREED THAT THERE WAS SCOPE FOR FURTHER DEVELOPMENT OF TRADE AND ECONOMIC CO-OPERATION BETWEEN YUGOSLAV AND BRITISH FIRMS AND FINANCIAL INSTITUTIONS. THEY REAFFIRMED THEIR COMMITMENT TO EXPAND ECONOMIC RELATIONS AND TRADE AND RECOGNISED THAT THE GROWTH OF YUGOSLAVIA'S EXPORTS WOULD BE PARTICULARLY IMPORTANT IN INCREASING BILATERAL TRADE. THEY AGREED THAT GREATER EFFORTS SHOULD BE MADE TO PROMOTE OTHER FORMS OF ECONOMIC CO-OPERATION INCLUDING JOINT VENTURES. THE BRITISH SIDE EXPRESSED UNDERSTANDING AND SUPPORT FOR YUGOSLAVIA'S PROGRAMME OF ECONOMIC STABILISATION.

THE TWO SIDES WELCOMED THE NEW AGREEMENT BETWEEN YUGOSLAVIA AND THE EUROPEAN COMMUNITY AND AGREED THAT IT OFFERED SIGNIFICANT OPPORTUNITIES FOR THE BROADENING AND STRENGTHENING OF ECONOMIC CO-OPERATION BETWEEN YUGOSLAVIA AND THE UNITED KINGDOM AND SHOULD CONTRIBUTE TO MORE BALANCED TRADE BETWEEN THEM. THE TWO GOVERNMENTS WILL ENCOURAGE EFFORTS TO THIS END.

THE TWO PRIME MINISTERS DREW ATTENTION TO THE DANGERS OF TERRORISM AND REPEATED THE DETERMINATION OF THEIR GOVERNMENTS NOT TO PERMIT ANY CRIMINAL ACTIVITIES WHICH COULD ADVERSELY AFFECT THE FRIENDLY RELATIONS BETWEEN THE TWO COUNTRIES.

IN DISCUSSING INTERNATIONAL MATTERS, THE TWO PRIME MINISTERS EXPRESSED THEIR CONCERN OVER THE SERIOUS WORSENING OF THE INTERNATIONAL SITUATION AND THE CONSEQUENT THREAT TO

WORLD PEACE AND STABILITY. THEY CALLED FOR A MORE CONSTRUCTIVE INTERNATIONAL DIALOGUE AND STRENGTHENING OF DETENTE AND EXPRESSED THE CONVICTION THAT RELATIONS BETWEEN ALL STATES MUST BE BASED ON RESPECT FOR SOVEREIGNTY, INDEPENDENCE, TERRITORIAL INTEGRITY, NON-INTERVENTION IN INTERNAL AFFAIRS, THE INADMISSIBILITY OF ATTEMPTS TO EXPAND INFLUENCE THROUGH THE THREAT OR USE OF FORCE, AND EQUAL CO-OPERATION. IT WAS AGREED THAT THESE PRINCIPLES, ENSHRINED IN THE CHARTER OF THE UNITED NATIONS OR THE FINAL ACT OF THE CONFERENCE ON SECURITY AND CO-OPERATION IN EUROPE, ARE FUNDAMENTAL TO A STABLE AND PEACEFUL INTERNATIONAL ORDER. THEY EMPHASISED THEIR CONVICTION THAT DETENTE IS INDIVISIBLE AND THAT IT SHOULD BE EXTENDED TO ALL REGIONS AND BE APPLIED TO ALL VITAL INTERNATIONAL ISSUES.

THEY EXCHANGED VIEWS ON CURRENT AREAS OF CRISIS, PARTICULARLY IN VARIOUS PARTS OF ASIA, SUCH AS AFGHANISTAN AND SOUTH EAST ASIA, THE NEAR AND MIDDLE EAST AND SOUTHERN AFRICA. THEY AGREED THAT, IN THE INTERESTS OF WORLD PEACE, IT WAS ESSENTIAL TO FIND URGENT, JUST, COMPREHENSIVE AND LASTING SOLUTIONS FOR THESE CRISIS AREAS ON THE BASIS OF UNITED NATIONS RESOLUTIONS AND THE RIGHTS OF PEOPLES TO FREEDOM, INDEPENDENCE, SELF-DETERMINATION, SECURITY AND INDEPENDENT INTERNAL DEVELOPMENT. THEY AFFIRMED THEIR OPPOSITION TO THE USE OF FORCE TO INTERFERE WITH THE INDEPENDENCE OF OTHER COUNTRIES AND AGREED ON THE NEED FOR THE WITHDRAWAL OF FOREIGN FORCES AND A POLITICAL SOLUTION RESPECTING THE SPIRIT AND PRINCIPLES OF THE UNITED NATIONS CHARTER.

THE TWO PRIME MINISTERS DREW ATTENTION TO THE ROLE AND ACTIVITY OF THE UNITED NATIONS IN THE CURRENT INTERNATIONAL SITUATION AND ADVOCATED ITS GREATER PARTICIPATION IN THE SETTLEMENT OF INTERNATIONAL PROBLEMS WHICH CONCERN THE PRESERVATION OF PEACE AND THE STRENGTHENING OF INTERNATIONAL CO-OPERATION.

BEARING IN MIND THE LINK BETWEEN INTERNATIONAL STABILITY AND THE PROBLEMS OF THE DEVELOPING AND ESPECIALLY THE LEAST DEVELOPED COUNTRIES THE TWO PRIME MINISTERS REVIEWED THE OUTCOME OF THE RECENT SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY. THEY REGRETTED THAT IT HAD NOT BEEN POSSIBLE TO LAUNCH A ROUND OF GLOBAL NEGOTIATIONS TO BEGIN IN JANUARY 1981. THEY AGREED THAT EVERY EFFORT SHOULD BE MADE DURING THE UN GENERAL ASSEMBLY TO REACH AGREEMENT ON THE REMAINING ISSUES. THE TWO SIDES AGREED THAT THE DEVELOPING WORLD FACES VERY SERIOUS ECONOMIC DIFFICULTIES. THEY AGREED THAT THERE WAS AN URGENT NEED TO FIND SOLUTIONS TO THESE PROBLEMS AND THEY EXPRESSED THE HOPE THAT THE GLOBAL NEGOTIATIONS WOULD RESULT IN VALUABLE PROGRESS TOWARDS INTERNATIONAL ECONOMIC RELATIONS BASED ON EQUAL CO-OPERATION AND COMMON INTEREST.

THE TWO PRIME MINISTERS DEVOTED SPECIAL ATTENTION TO THE COMPLEX OF PROBLEMS CONCERNING DISARMAMENT. THEY AGREED THAT EFFORTS TO SECURE A REDUCTION AND LIMITATION IN THE PRESENT HIGH LEVEL OF ARMAMENTS OF ALL KINDS SHOULD CONTINUE. THEY REAFFIRMED THE COMMITMENT OF THE UNITED KINGDOM AND YUGOSLAVIA TO WORK FOR AGREEMENT ON EFFECTIVE AND VERIFIABLE MEASURES OF DISARMAMENT IN BOTH THE NUCLEAR AND CONVENTIONAL FIELDS IN EUROPE AND ELSEWHERE.

IN THE COURSE OF AN EXCHANGE OF VIEWS ON FOLLOW-UP TO THE HELSINKI FINAL ACT THE TWO PRIME MINISTERS EMPHASISED THE IMPORTANCE WHICH THEY ATTACHED TO THE FORTHCOMING CSCE REVIEW MEETING IN MADRID.

THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL, MR DJURANOVIC, DESCRIBED YUGOSLAV VIEWS OF THE IMPORTANCE OF THE POLICY OF NON-ALIGNMENT. HE DESCRIBED THE ACTIVITY OF THE NON-ALIGNED COUNTRIES IN PRESENT INTERNATIONAL CONDITIONS AND THE UNIVERSALITY OF THE AIMS AND PRINCIPLES OF THE POLICY OF NON-ALIGNMENT, WHICH IS BEING INCREASINGLY ACCEPTED AS A REAL POLITICAL CONCEPT AND A STABILISING FACTOR IN INTERNATIONAL RELATIONS. THE BRITISH PRIME MINISTER RECOGNISED THE IMPORTANT AND INFLUENTIAL ROLE OF THE NON-ALIGNED MOVEMENT IN INTERNATIONAL AFFAIRS.

MRS THATCHER REAFFIRMED THE VALUE THE UNITED KINGDOM PLACED IN YUGOSLAVIA'S INDEPENDENCE, TERRITORIAL INTEGRITY AND NON-ALIGNMENT AS AN ESSENTIAL FACTOR FOR PEACE AND STABILITY IN EUROPE AND THE WORLD.

THE TWO PRIME MINISTERS EXPRESSED THEIR CONVICTION THAT THE CONTINUATION OF COMPREHENSIVE, FRIENDLY AND EQUAL CO-OPERATION BETWEEN THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA AND THE UNITED KINGDOM REPRESENTS A CONCRETE CONTRIBUTION TO THE STRENGTHENING OF SECURITY IN EUROPE IN CONFIRMITY WITH THE HELSINKI FINAL ACT. THEY AGREED THAT MRS THATCHER'S VISIT TO YUGOSLAVIA WILL GIVE A NEW AND IMPORTANT STIMULUS TO THE STRENGTHENING OF CO-OPERATION BETWEEN THE TWO COUNTRIES, BOTH BILATERALLY AND IN INTERNATIONAL AFFAIRS.

THE PRIME MINISTER EXTENDED AN INVITATION TO THE PRESIDENT OF THE FEDERAL EXECUTIVE COUNCIL TO VISIT BRITAIN. THE INVITATION WAS ACCEPTED WITH PLEASURE.

2. ADVANCE COPIES TO OJD, 10 DOWNING STREET (ANSON), CO1 NEWSROOM, NEWS DEPT FCO.

BOLLAND
FCO/WHITEHALL
EESD

[ADVANCED AS REQUESTED]

PA has approved.

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Following text is embargoed until 1400 hours
on Friday 26 September 1980

BRITISH EMBASSY

BELGRADE



JOINT STATEMENT

At the invitation of the President of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia, Veselin Djuranović, the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, Mrs Margaret Thatcher, paid an official friendly visit to Yugoslavia from 24th to 26th September 1980.

The discussions between the President of the Federal Executive Council and the Prime Minister were held in a warm spirit of mutual respect, understanding and traditional friendship.

During her stay in Yugoslavia Mrs Thatcher was received by the President of the Presidency of the Socialist Federal Republic of Yugoslavia, Cvijetin Mijatović. They had substantive and constructive discussions on bilateral relations and co-operation, as well as on the current international situation. The Prime Minister also had meetings with other important Yugoslav personalities.

The Prime Minister visited the major steel mill which is being built at Smederevo with the participation of British industry. During her visit to the Socialist Republic of Macedonia, Mrs Thatcher had meetings with the senior leaders

/of



of the Republic and visited the Organic Chemical Industry enterprise at Skopje. She also visited the Socialist Republic of Croatia and the city of Dubrovnik, where she met leading personalities and toured places of cultural and historical interest.

The President of the Federal Executive Council and the Prime Minister recalled that the friendship between their two countries was founded on the war-time co-operation in which Sir Winston Churchill and Marshal Tito played a central part. They expressed warm satisfaction at the continuation in recent years of the successful development of relations and co-operation between the two countries, based on respect for the principles of independence, sovereignty, territorial integrity, non-interference, equal co-operation and mutual benefit.

The Prime Minister expressed to the President of the Federal Executive Council the sincere condolences of the British people on the death of President Tito who was widely admired as a great international statesman and a founder member of the Non-Aligned Movement, who had devoted his life to the development of his country and the strengthening of its independence and to international peace and security.

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The two Prime Ministers recognised the importance of state and political visits between the two countries for the strengthening of mutual understanding and friendship. They agreed that relations had been greatly strengthened by the visits of President Tito to the United Kingdom in 1953, 1971 and 1978 and the visit of Her Majesty Queen Elizabeth II to Yugoslavia in 1972. They noted with satisfaction the increase in visits and co-operation at all levels and in all fields between the two countries and the expansion of tourism and other forms of contact between their peoples.

The two sides agreed that there was scope for further development of trade and economic co-operation between Yugoslav and British firms and financial institutions. They reaffirmed their commitment to expand economic relations and trade and recognised that the growth of Yugoslavia's exports would be particularly important in increasing bilateral trade. They agreed that greater efforts should be made to promote other forms of economic co-operation including joint ventures. The British side expressed understanding and support for Yugoslavia's programme of economic stabilisation.

The two sides welcomed the new agreement between Yugoslavia and the European Community and agreed that it offered significant opportunities for the broadening and strengthening of
/economic




economic co-operation between Yugoslavia and the United Kingdom and should contribute to more balanced trade between them. The two Governments will encourage efforts to this end.

The two Prime Ministers drew attention to the dangers of terrorism and repeated the determination of their Governments not to permit any criminal activities which could adversely affect the friendly relations between the two countries.

In discussing international matters, the two Prime Ministers expressed their concern over the serious worsening of the international situation and the consequent threat to world peace and stability. They called for a more constructive international dialogue and strengthening of detente and expressed the conviction that relations between all states must be based on respect for sovereignty, independence, territorial integrity, non-intervention in internal affairs, the inadmissibility of attempts to expand influence through the threat or use of force, and equal co-operation. It was agreed that these principles, enshrined in the Charter of the United Nations or the Final Act of the Conference on Security and Co-operation in Europe, are fundamental to a stable and peaceful international order. They emphasised their conviction that detente is indivisible and that it should be extended to all regions and be applied to all vital international issues.

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They exchanged views on current areas of crisis, particularly in various parts of Asia, such as Afghanistan and South East Asia, the Near and Middle East and Southern Africa. They agreed that, in the interests of world peace, it was essential to find urgent, just, comprehensive and lasting solutions for these crisis areas on the basis of United Nations Resolutions and the rights of peoples to freedom, independence, self-determination, security and independent internal development. They affirmed their opposition to the use of force to interfere with the independence of other countries and agreed on the need for the withdrawal of foreign forces and a political solution respecting the spirit and principles of the United Nations Charter.

The two Prime Ministers drew attention to the role and activity of the United Nations in the current international situation and advocated its greater participation in the settlement of international problems which concern the preservation of peace and the strengthening of international co-operation.

Bearing in mind the link between international stability and the problems of the developing, and especially the least developed, countries, the two Prime Ministers reviewed the outcome of the recent Special Session of the United Nations General Assembly. They regretted that it had not been possible

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to launch a round of Global Negotiations to begin in January 1981. They agreed that every effort should be made during the UN General Assembly to reach agreement on the remaining issues. The two sides agreed that the developing world faces very serious economic difficulties. They agreed that there was an urgent need to find solutions to these problems and they expressed the hope that the Global Negotiations would result in valuable progress towards international economic relations based on equal co-operation and common interest.

The two Prime Ministers devoted special attention to the complex of problems concerning disarmament. They agreed that efforts to secure a reduction and limitation in the present high level of armaments of all kinds should continue. They reaffirmed the commitment of the United Kingdom and Yugoslavia to work for agreement on effective and verifiable measures of disarmament in both the nuclear and conventional fields in Europe and elsewhere.

In the course of an exchange of views on follow-up to the Helsinki Final Act the two Prime Ministers emphasised the importance which they attached to the forthcoming CSCE Review Meeting in Madrid.

The President of the Federal Executive Council, Mr Djuranović, described Yugoslav views of the importance of the

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policy of non-alignment. He described the activity of the non-aligned countries in present international conditions and the universality of the aims and principles of the policy of non-alignment, which is being increasingly accepted as a real political concept and a stabilising factor in international relations. The British Prime Minister recognised the important and influential role of the Non-Aligned Movement in international affairs.

Mrs Thatcher reaffirmed the value the United Kingdom placed in Yugoslavia's independence, territorial integrity and non-alignment as an essential factor for peace and stability in Europe and the world.

The two Prime Ministers expressed their conviction that the continuation of comprehensive, friendly and equal co-operation between the Socialist Federal Republic of Yugoslavia and the United Kingdom represents a concrete contribution to the strengthening of security in Europe in conformity with the Helsinki Final Act. They agreed that Mrs Thatcher's visit to Yugoslavia will give a new and important stimulus to the strengthening of co-operation between the two countries, both bilaterally and in international affairs.

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The Prime Minister extended an invitation to the President of the Federal Executive Council to visit Britain. The invitation was accepted with pleasure.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND REPRESENTATIVES OF THE SOCIALIST REPUBLIC OF MACEDONIA IN SKOPJE ON FRIDAY 26 SEPTEMBER 1980 AT 0840

Present:

Prime Minister	H.E. Mr. B. Popov - Prime Minister of the Macedonian Republic
H.E. Mr. E. Bolland	
Mr. E.A.J. Fergusson	H.E. Mr. S. Andov - Member of the Federal Executive Council
Mr. M.O'D.B. Alexander	H.E. Z. Berisavljevic - Ambassador to London
Mr. T.J. Clark	
Mr. B. Ingham	Representatives of the Macedonian Republic
Mr. N.J. Sanders	

The Development of the Macedonian Republic

Mr. Popov greeted the Prime Minister and opened the discussion by describing the economic development of the Macedonian Republic since its inception. He said that of the population of one million eight hundred thousand, more than two-thirds were Macedonian, 17 per cent Albanian, 6 per cent Turkish and the remainder other nationalities from other Yugoslav Republics or elsewhere. He said that before formation of the Socialist Republic Macedonia had been divided between the fascist Governments of Germany, Italy and Bulgaria. Now, within the frame of the Yugoslav constitution, the Macedonian Republic had started to realise the centuries old aspirations of the Macedonians for social and national freedom. Other Macedonians were still to be found in Greece, Bulgaria and Albania. Their minority rights were unfortunately not fully recognised. He noted that Greece tolerated the use of the Macedonian language, but said that Bulgaria tried very strongly to deny the existence of a Macedonian minority,

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-2-

although the population statistics proved the falseness of this assertion.

He said that the Yugoslavs aimed at co-operation with the whole of the world. The Macedonian Republic was trying to develop good relations with its neighbours and hoped for conditions for better understanding in future. He said that economic relations with Greece, Albania and Bulgaria were quite good. There were also many tourists to and from Yugoslavia, and he hoped that they would contribute to the slow creation of the conditions to overcome the questions which remained open in respect of the Macedonian minorities elsewhere.

Economic Development

Mr. Popov said that the Republic of Macedonia had attained remarkable development, even though its achievements were modest by the standards of the developed world. At the end of the war Macedonia had been backward in all respects, with two-thirds of its population illiterate, more than two-thirds of the people supporting themselves from agriculture and practically no industry. At that stage the per capita income was 90 dollars a year, and now it was passing 1000 dollars a year. He said that the future development plans for the Macedonian Republic were based on industry and agriculture as the main components, and that industry already contributed 38 per cent of the overall net income of the Republic.

Cultural Development

He said that there had also been major achievements in the fields of culture, education and health since the war. Until the end of the war the Macedonian people had been forced to use Serbian, Bulgarian or Greek as their language but they were now able to use the three equal languages of the Yugoslav Federation. Within the overall system the national minority rights of education and culture of the Macedonians were respected.

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/In response

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In response to questions from the Prime Minister, Mr. Popov then described the rate of progress in education in the Republic. He pointed out that 40 per cent of the population was under 20, and that there were now a grand total of 450,000 students and pupils, so that every fourth citizen was undertaking some form of education. He said that illiteracy had now almost entirely been abolished.

Other Matters

In response to further questions from the Prime Minister Mr. Popov and Mr. Andov outlined the strategy for industrial development in the Macedonian Republic and the means by which it was being financed. As examples of the progress that had been made, Mr. Popov said that there were now 3,000 kilometers of modern asphalt roads whereas before the war there had been none at all, and that every settlement except the very smallest now had electricity.

He said that he looked forward to deepening economic and cultural relations between the Macedonian Republic and the United Kingdom, and that the Republic hoped to make its contribution to general UK-Yugoslav economic relations. In the field of culture he hoped that there might be scope for greater co-operation between universities and scientific institutions. He said that he hoped that such a deepening of relations might mean that the truth about Macedonia would become better established.

The Prime Minister made no comment at any stage during the conversation about the position of Macedonians outside Yugoslavia. She asked Mr. Popov for further details of the constitutional relationship between the Federal Government and the Governments of the Yugoslav constituent Republics and discussed the problems of democratic accountability within the system.

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/Mr Popov

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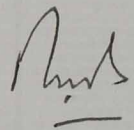
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Mr. Popov said that there were particular problems which had arisen over supplies of goods such as detergents and coffee. The Prime Minister said that such matters ought not to be the concern of Government, who had more important things to deal with. Mr. Andov explained the origin of the problem lay in a shortage of imported raw materials. The Prime Minister emphasised the efficiency of the supply and demand mechanism in the United Kingdom, and the deficiencies of monopolies as sources of supply.

She asked about the details of the portfolios held by members of the Macedonian Government and about arrangements for housing, unemployment benefits, and children's allowances.

In response to questions about the future economic development of the Macedonian Republic, Mr. Popov said that he hoped that in 1985 the per capita income would be close to 2500 dollars a year. He drew attention to the mineral wealth of the Republic and said that a plant to exploit their nickel reserves would be coming into operation in 1981.

In conclusion Mr Popov said that he wished to stress the potential for the deepening of economic and cultural relations between the Macedonian Republic and the United Kingdom. He offered to provide a document giving more details of some of the matters which had arisen in discussion, and the Prime Minister said that she would be very interested to see it in due course.



29 September 1980

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PARIS, BONN, UKDEL NATO, EASTERN EUROPEAN POSTS, ATHENS.

Prime Minister
Summary of your
visit

MA

PRIME MINISTER'S VISIT TO BELGRADE

MT

THE PRIME MINISTER LEFT THIS AFTERNOON FOR THE CONCLUDING STAGE OF HER VISIT TO YUGOSLAVIA IN SKOPJE AND DUBROVNIK. DURING HER DAY AND A HALF IN BELGRADE SHE WAS ABLE TO HAVE A RUNNING DIALOGUE WITH THE YUGOSLAV PRIME MINISTER, PRESIDENT MIJATOVIC, OTHER PARTY AND STATE LEADERS. THE YUGOSLAVS WERE CLEARLY DETERMINED, BOTH IN THEIR PREPARATION AND WIDE PUBLICITY, TO MAKE IT A SUCCESS.

BILATERAL QUESTIONS

THE YUGOSLAVS GAVE PRIORITY TO BILATERAL QUESTIONS, ESPECIALLY THE IMBALANCE OF TRADE. BOTH SIDES AGREED THAT THE PRINCIPAL PROBLEM LAY WITH THE YUGOSLAVS THEMSELVES IN IDENTIFYING WAYS OF INCREASING THEIR EXPORTS TO THE UNITED KINGDOM, PARTICULARLY TO EXPLOIT THE OPPORTUNITIES FROM THE RECENT EC/YUGOSLAV AGREEMENT. THE PRIME MINISTER POINTED OUT THAT, WITH AN OPEN MARKET SUCH AS THE UK PROVIDED AND WITH EXCHANGE RATES IN THE YUGOSLAV FAVOUR, IT WAS UP TO THE YUGOSLAVS TO MAKE THE PRINCIPAL EFFORT. THEY ACCEPTED THIS.

THERE WAS A BRIEF DISCUSSION OF THE YUGOSLAV NEED FOR CREDIT FROM WESTERN BANKS. WHILE THEY CLEARLY LOOKED TO THE PRIME MINISTER'S VISIT TO HELP OVER THE ATMOSPHERE, THEY ACCEPTED THE NEED TO WORK WITHIN THE WESTERN BANKING SYSTEM, AND DID NOT ASK FOR FURTHER HELP.

DJURANOVIC RAISED THE ISSUE OF CROATIAN DISSEDENT ACTIVITY IN THE UNITED KINGDOM. THE PRIME MINISTER EXPLAINED THE CONSTRAINTS ON GOVERNMENT ACTION IN THE UK BUT HER REFERENCES TO THE IMPORTANCE OF YUGOSLAV UNITY, IN HER MAIN SPEECH AND IN THE DISCUSSIONS, WERE TAKEN ON THE YUGOSLAV SIDE AS GOING SOME WAY TO GIVE THEM THE REASSURANCE WHICH THEY SOUGHT.

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| DURING

DURING AN INFORMAL BREAKFAST DISCUSSION THE MINISTER OF DEFENCE RAISED A NUMBER OF SPECIFIC DIFFICULTIES IN DEFENCE SALES (EG ROLLS ROYCE VIPER ENGINES). THE PRIME MINISTER PROMISED THAT SHE WOULD LOOK INTO THESE ON HER RETURN BEFORE THE VISIT OF THE CHIEF OF THE DEFENCE STAFF (6 OCTOBER). THE RB199 ENGINE WAS NOT RAISED, THE YUGOSLAVS CLEARLY HAVING HEARD OF THE IMPEDIMENTS ON THE GERMAN SIDE.

THE PRIME MINISTER INVITED MR. DJURANOVIC TO VISIT THE UNITED KINGDOM AND HE ACCEPTED.

A JOINT STATEMENT, WHICH HAD BEEN LARGELY NEGOTIATED BEFORE THE VISIT, WAS AGREED WITHOUT DIFFICULTY (TEXT BY BAG).

INTERNATIONAL

THE YUGOSLAVS EXPRESSED THEIR CONCERN ABOUT THE CURRENT STATE OF INTERNATIONAL ECONOMIC RELATIONS, FOLLOWING THE UNSATISFACTORY END TO THE UN SPECIAL SESSION. THEY WERE PARTICULARLY KEEN THAT THE WEST SHOULD UNDERSTAND THE POLITICAL IMPLICATIONS FOR THE DEVELOPED WORLD OF THE FRUSTRATIONS IN THE DEVELOPING COUNTRIES FROM "WESTERN INFLEXIBILITIES". THEY SUGGESTED THAT DEVELOPING COUNTRIES MIGHT BE FORCED TO TURN FOR HELP TO THE SOVIET UNION THOUGH THEY ADMITTED THAT, IN DISCUSSION, THE SOVIET UNION AND EASTERN EUROPEANS HAD SHOWN EVEN GREATER INFLEXIBILITY. MRS. THATCHER WAS ABLE TO SET OUT THAT WHAT THE YUGOSLAVS HAVE SAID WAS A CONVINCING RATIONALE OF UK POLICIES AND OF THE CONSTRAINTS ON THEM, IN THE CONTEXT OF THE WIDER DIFFICULTIES EXPERIENCED BY THE INTERNATIONAL ECONOMIC SYSTEM.

ON THE IRAQ/IRAN DISPUTE THE YUGOSLAVS SAID THAT THEY HAD SENT MESSAGES TO BOTH SIDES, EXPRESSING THEIR ANXIETIES AND CALLING ON THEM TO REACH A SOLUTION BY POLITICAL MEANS. THEY SAW THE HOSTILITIES AS A FURTHER CRISIS FOR THE NON-ALIGNED MOVEMENT, BUT WERE VERY UNCERTAIN ABOUT WHAT FURTHER STEPS SHOULD BE TAKEN.

PREDICTABLY THE DISAGREEMENT WAS MOST APPARENT ON EAST/WEST RELATIONS GENERALLY, INCLUDING THE CSCE. THE PRIME MINISTER SET OUT HER VIEW OF THE SERIOUS CONSEQUENCES OF THE AFGHANISTAN INTERVENTION ON THE PROSPECTS FOR MADRID. THE YUGOSLAVS IN TURN BELIEVED THAT IN THE PRESENT INTERNATIONAL SITUATION IT WAS ESSENTIAL TO PRESERVE AND BUILD UP ON THE CSCE PROGRESS.

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THE YUGOSLAVS WERE CLEARLY WORRIED BY THE DEVELOPMENTS IN POLAND WHICH THEY SAW AS A MAJOR CRISIS FOR THE COMMUNIST SYSTEM WITH INCALCULABLE REPERCUSSIONS ELSEWHERE IN EASTERN EUROPE. THEY BELIEVED THAT THE SOVIET UNION, WHILE NO DOUBT HAVING CONSIDERED THE USE OF FORCE, HAD DECIDED NOT TO DO SO AT PRESENT. AT NO STAGE DID THEY SUGGEST THAT THEY FEARED CONTAMINATION FROM THE POLISH VIRUS. INDEED PRESIDENT MIJATOVIC WENT OUT OF HIS WAY TO STRESS THE STABILITY AND DURABILITY OF YUGOSLAVIA POST-TITO.

ON THE MIDDLE EAST THE PRIME MINISTER EXPLAINED THE LATEST STATE OF PLAY OVER THE VENICE DECLARATION AND THE THORN MISSION.

BOLLAND

LIMITED
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PS
PS/LPS
PS/PUS
MR FERGUSSON
MR BRIDGES
SIR A. ACLAND
SIR J. GRAHAM
LORD N. G. LENNIX

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THIS TELEGRAM
WAS NOT
ADVANCED

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RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND PRESIDENT MIJATOVIĆ IN BELGRADE ON 25 SEPTEMBER 1980, AT 1130

Present:

Prime Minister	President Mijatović
H.E. Mr. E. Bolland	Prime Minister Djuranović
Mr. E.A.J. Fergusson	H.E. Mr. S. Andov - Member of the Federal Executive Council for EC Affairs
Mr. M.O'D.B. Alexander	H.E. Mr. M. Pešić - Deputy Foreign Secretary
Mr. T.J. Clark	Mr. M. Melovski - Federal Secretariat for Foreign Affairs
	Mr. V. Jovanović - Federal Secretariat for Foreign Affairs

President Mijatović extended a warm welcome to the Prime Minister as the first British Prime Minister to visit Yugoslavia. Yugoslavia valued her relations with Britain which had been forged in the difficult days of the war. A good foundation had been laid then for our continuing and developing relationship. He expressed Yugoslavia's particular appreciation of the sincere gesture of friendship and respect which the Prime Minister had made in leading such a high level delegation to the funeral of President Tito. He believed that the continuation of our relationship on the basis of mutual respect was in the mutual interest of both countries and in the wider interests of Europe and the world. He agreed with the Prime Minister's remarks in an interview before coming to Yugoslavia about the need to develop the relationship between the present generations in both countries. It was characteristic of our relationship that we were able to discuss frankly those matters on which we disagreed as well as those on which we agreed. The Prime Minister was visiting Tito's Yugoslavia after Tito. Yugoslavia appreciated Britain's confidence in Yugoslavia and the value which Britain placed in its independence. Yugoslavia's position in the world was never the reflection of any one personality or group; it was always a reflection of the Yugoslav people as a whole. He wished to stress therefore that the present position in Yugoslavia was permanent, not provisional.

/ Yugoslavia

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Yugoslavia remained on its previous course. The Yugoslav people were proud of their independence and freedom and were ready to defend them at any cost. He asked whether the Prime Minister had any special topics she wished to raise.

Thanking President Mijatović for his welcome, the Prime Minister expressed her appreciation of the excellent arrangements and hospitality which had been extended to her and the friendly atmosphere in which her talks had been conducted. The Anglo/Yugoslav relationship was not based merely on mutual convenience, but on a deeper shared experience. Britain had great admiration and respect both for Yugoslavia's past achievements and her future aims. Yugoslavia had been firmly established and would continue as such. The long period under President Tito's guidance provided a cement of loyalty and affection which guaranteed Yugoslavia's unity. The Prime Minister suggested that it might be appropriate to continue with the economic subjects touched on at breakfast.

International Economic Relations

Mr. Djuranović said that the Prime Minister had already heard how Yugoslavia looked on international economic problems and the new international economic order; these were subjects which had to be taken into account in reaching any assessment of the international political situation. He invited the Prime Minister to give her views on the reasons why it had proved so difficult to make any progress on global talks and why the tempo was not more dynamic. Yugoslavia had not been satisfied with the outcome of the UN Special Session. What was Britain's view? President Mijatović interjected that when President Carter had been in Belgrade they had had a similar discussion. They had been pleased with President Carter's frankness. They had told him of their surprise that the developed countries did not show more flexibility towards the LDCs. He had stressed that it was necessary to find a way out of the present impasse, otherwise the LDCs difficult situation would rebound on the industrialised world. Yugoslavia had spoken in similar terms to the USSR. It was no good the Russians going on repeating the same old

/phrases

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phrases about not being responsible for the situation left by the colonial powers etc. This was not the right approach and the Yugoslavs told them so frankly. President Carter had shown much greater flexibility than the Russians. President Carter had neither agreed nor disagreed with Yugoslavia's views but had promised to consider them with attention.

The Prime Minister said that before the oil crisis aid had been a matter between the West and the less developed world. We needed more trade between the two and they needed more aid, both revenue - to help in times of difficulty - and capital - to develop their own resources. As regards trade, we had tried to keep our trading system open to the developing countries and to buy their products, including such things as textiles, even when they damaged our own economy. A new problem was the emergence of such countries as Korea and Taiwan which produced steel and other products with the latest equipment and a low-paid labour force. Imports of these products caused great problems for the industrial world, but we had nevertheless kept our markets open. As regards aid, we had extended it both bilaterally and through such international agencies as the World Bank, UN agencies and the IMF. We preferred bilateral aid as it allowed more contact between donor and recipient. For example, we had agreed to give £75 million to Zimbabwe and £100 million over five years to Sri Lanka to build a dam. But aid was being given less and less bilaterally and more and more through the World Bank or in the framework of the Lomé Convention. We got little credit from the LDCs for giving aid in this way. For example, we had given £42 million to Bangladesh, but the Prime Minister had said recently that this was not enough. He was unaware that we had also contributed £20 million through the World Bank. Thus it was a matter not only about the amount of aid but the means for giving it. The Prime Minister accepted the criticism that the industrialised countries had not yet reached 0.7% of GNP for aid, but many countries were in fact well above this target if aid from private sources was included.

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This, broadly, had been the position before the oil crisis. But in recent years there had been a ten-fold increase in oil prices: five-fold in 1973/74 and five-fold since then. The situation would in any case have been bad for the LDCs, who now had to pay far more for imports of oil, but it was made worse because the industrialised countries had fewer resources for aid. The newly-rich countries had a role to play in the present recession in recycling oil revenues. The world should no longer be seen as consisting of developed and less-developed countries, i.e., there should not be merely a North/South dialogue but a dialogue between the industrialised world, the oil rich and the less developed countries. For example, in the Group of 77 there were countries which were richer than many in the Group of 25. The real problem now was how to channel the resources arising from oil through to those countries which could no longer afford to borrow. A new solution was necessary, and that was what the global negotiations were about. We needed not a dialogue but, so to say, a trilogue. We needed a system to recirculate oil money back into the economy and not only through the World Bank and IMF since many countries which needed it could not borrow from them. The global negotiations had faltered on one point, i.e., the establishment of control over the World Bank and the IMF. This would have been totally wrong. The World Bank and the IMF each had its own governing body which was responsible to its contributors. They could not be over-ridden by debate in the United Nations, or by instructions from the United Nations. The conflict between Iraq and Iran would have a further effect on the economic situation because oil prices were influenced not only by economic factors but also by political events. The Prime Minister confirmed that Britain was anxious to play its full part in the solution of these problems.

President Mijatovic thanked the Prime Minister for this exposition and observed that any moves which could be undertaken, no matter how small, could have a big political effect in the economic field and elsewhere and could help improve the general

/ climate.

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climate. For example, the British solution of the problem in Zimbabwe and the British cooperation over the steel mill at Smederevo were both in their own way moves which helped to improve the general climate.

As the Yugoslav Prime Minister was shortly to leave for Delhi, the Prime Minister took the opportunity to invite him to visit London at a time convenient to him. Mr. Djuranovic thanked the Prime Minister warmly.

The conversation ended at 1230.

And
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29 September, 1980.

CONFIDENTIAL

at Moscow

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RECORD OF A CONVERSATION AT BREAKFAST BETWEEN THE PRIME MINISTER
AND LEADING YUGOSLAV PERSONALITIES IN BELGRADE ON THURSDAY
25 SEPTEMBER 1980 AT 0800

PRESENT

Prime Minister

H.E. Mr. E. Bolland

Mr. E. A. J. Fergusson

Mr. M. O'D. B. Alexander

Mr. T. J. Clark

H.E. Mr. V. Djuranović

General N. Ljubičić - Defence
Minister

H.E. Mr. D. Čulafić - Member of
the LCY Presidium

H.E. Mrs. S. Tomašević-Arnesen -
President of the Federal
Chamber of the Federal Assembly

H.E. Mr. S. Andov - Member of
the Federal Executive Council

H.E. Mr. M. Pešić - Deputy Foreign
Secretary

H.E. Mr. Z. Berisavljević -
Ambassador to London

Iraq/Iran

The Prime Minister opened the discussion by asking what the latest news was from Iraq/Iran. Mr. Djuranović said that he had heard only that there had been further bombing by both the Iranians and Iraqis and that oil installations had been the main target. General Ljubičić added that what had been an undeclared war was rapidly turning into a real war. The Prime Minister said she understood that oil supplies were still being moved. Mr. Bolland interjected that according to the BBC they had now stopped. Mr. Pešić added that the Shatt al Arab was now closed. Mr. Bolland observed that the BBC had mentioned the Prime Minister's and Mr. Djuranović's references to the situation in their after dinner speeches. Mr. Djuranović said that his Foreign Minister, Mr. Vrhovec, had also referred to them at the United Nations.

Poland

The Prime Minister asked what the latest situation was in Poland. Mr. Pešić said that more Trade Unions were seeking registration. Mr. Djuranović said that the situation remained grave. There were reports of new strikes. A Plenum of the Central Committee of the PUWP was to be held shortly.

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/General Ljubičić

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General Ljubicić said that every political mechanism was sensitive. They could be easily damaged and were difficult to restore. Time would be needed to effect repairs. Mr. Djuranović observed that the Polish Government had granted major concessions. The question was now whether they could fulfil them. They had promised new laws on Trade Unions, self-management, etc. The need for reform had been shown clearly but there were different currents of opinion in the Party leadership. One current was trying to see that the agreement with the workers was frustrated while the other current was trying to fulfil it. There was a commission of enquiry within the Party which was looking into the behaviour of some of its members who, it seemed, might be guilty of corruption and other irregularities. He understood there would be a plenary session of the Party Congress soon to discuss this. It seemed even the new Prime Minister was not wholly above suspicion.

The Prime Minister asked after Gierek and whether his illness was due to a heart condition or sheer exhaustion. She understood that Gierek had himself proposed who should succeed him and that Kania was only the second choice. (Mr. Djuranović indicated that he was dubious about this). How did the Yugoslavs see this fundamental change in Poland? Mr. Culafić said that the fact that 1.2 million people wanted to strike spoke for itself. Deep changes were involved. At first economic problems and food prices had been the cause but as the strike developed, political aspects had become increasingly important. Now workers were seeking greater democracy. They were demanding major changes in the administration of the country. The situation was different from that in Czechoslovakia in 1968. Then, the Party and the intelligents had sought change; in Poland it was the working class who were seeking change. The changes in Poland could have far wider repercussions both in Eastern Europe and in the rest of the world.

The Prime Minister asked how it was that the government lost contact with the people. Mr. Djuranović answered that in 1971, Gierek had promised a programme of reform but this had been whittled away. Moreover Poland was rather a special case. The composition of Polish society was different from that in other East European countries. Irrespective of the fact that Poland was a member of the Warsaw Pact, the Polish people were not satisfied with

/Poland's

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Poland's international position. This did not mean that they wished to leave the Warsaw Pact but that they sought a more independent position within it. Furthermore, the internal political situation was influenced by the Church, by the existence of a large private agriculture sector and of bourgeois elements. All this, the failure of the promised reforms, the low standard of living and the gulf between the ordinary citizens and the privileged Party apparatus, had had its effect. Moreover, the Polish Government's economic plans had contained insufficient consumer oriented expenditure.

The Prime Minister interjected that there was a similar situation in the Soviet Union, except for the Catholic church. Mr. Djuranović disagreed. The Prime Minister went on that in the Soviet Union there was a low standard of living partly because they spent so much of their GNP, 13 per cent, on arms. There too, there was a gulf between the politicians and the people, for whom there were days without meat. The Soviet Union should be a rich country with all its enormous resources. Where was the difference with Poland? Mr. Djuranović answered that the Soviet Union considered that it had to be on a level with the West and had to invest in armaments. The Prime Minister said we and other Western countries spent only 5 per cent or less on defence, though she agreed that taking all the NATO countries together, their combined defence expenditure probably equalled that of the Soviet Union. In the West's case, however, there were enough of their resources left over to make possible a good standard of living for the people. Why was it that Poland was unstable and the USSR not? Mr. Djuranović said that it was necessary to view Poland in its historical context. Democratic traditions were far more highly developed than in the Soviet Union. Poland had gone through four major crises which were motivated not so much by economic needs as by demands for democratisation. The Prime Minister said that once the people had experienced democracy it was difficult for them to accept any other political system. The USSR had never known democracy. Mr. Djuranović said that the situation in the Soviet Union today was far better than it ever was in Stalin's time.

/Mr. Pešić

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Mr. Pešić said he was a practical diplomat who was less concerned with theory than with the facts. Irrespective of the situation in Poland, the situation in the Eastern bloc was based on preserving the status quo in contradiction to logic and life. Attempts to freeze life were doomed to failure. This contradiction was also to be found in the West where, for example, the Italian Communist Party was excluded from Government. In Eastern Europe the system had reached a crisis and there were demands now for deep social changes. The crucial question in Poland was would it try to develop direct democracy within the framework of the present one party system or to move back to a multi-party system. The new Trade Unions could be the germ of a multi-party system. This development, if encouraged, could have far reaching and dangerous consequences. The Prime Minister agreed, especially if it developed quickly. The question was not whether there would be a single or ^a multi-party system now but that Poland had two centres of power, one of them separate from the Government. The natural tendency would be for the Government to try to absorb the new centre of power. Previously the Church was a centre of influence but not of power.

The Prime Minister asked if the Yugoslavs were in the Kremlin what they would think of the situation. She would be more worried if she were there than in her present position. Mr. Pešić said that if he were a Pole his ambition would be to sit in the Kremlin. After all the Poles already had representatives in the Vatican and the White House! He agreed that if the new Trade Unions developed as a corrective mechanism this would be good for Poland. Such a mechanism would express the desires of the grass roots. If however, it became a new political centre the situation would be fraught with danger. The Soviet Union was certainly worried but the West must also be worried too. The Prime Minister asked whether he meant that if Poland became unstable the Soviet Union might move in. Mr. Djuranović said that this was the central question. The Poles should not push things to the extremes which might provoke Soviet intervention. He went on that it remained to be seen how ^{the} agreement with the Trade Unions could be fulfilled within the framework of the Warsaw Pact. If the settlement in Poland went against the Warsaw Pact then Soviet intervention should be expected. On the other hand if the workers' demands were not fulfilled, the crisis could worsen.

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Mrs. Tomašević-Arnesen added that there were two important points to note: first the pace of events and secondly the consequences for the Soviet Union. The latter would now have to give thought itself to some small steps towards democracy. Moreover, it would have to take into account the repercussions elsewhere in Eastern Europe. The Soviet Party Congress in February would have to deal with these aspects and consider some small measures for its own country. The Prime Minister observed that the question was not only the pace of events but also their direction. If the Polish Party granted all the workers' demands they would have to accept that a new source of power existed. This was fundamental. It seemed unlikely that the workers could be subdued. The Polish people had sought similar reforms from Gierek and had been frustrated. Now they were more suspicious. It would be difficult to frustrate them a second time. Mr. Djuranović said that Gierek had promised radical reforms which were unrealistic. The process of democratisation needed longer. For example, Hungary had pursued a policy of gradual democratic change in the economy. Moreover there was less conflict there with the intelligentsia. When he had been in Hungary recently he had talked with Kadar who said that Hungary today stood half way between the thoroughly centralised economic system of the GDR and the liberal economic system in Yugoslavia. Mrs. Thatcher observed that the Polish economy was in a dreadful state and questioned whether it could meet the concessions which had been granted. Mr. Djuranović noted that Poland's agriculture had had five poor years and that it now had to import 5-10 million tons of wheat.

Soviet Union

Turning to the Soviet Union, the Prime Minister said that she was worried about the next generation of Soviet leaders. The military strength of the Soviet Union was greater than ever before. She was afraid that the next generation might be more tempted to use it. Did the Yugoslavs think that the military command was likely to be more influential in Soviet politics? General Ljubičić thought that it was no more of a danger than

/that our

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that our own Generals would be in British politics. Mrs. Thatcher interjected that she kept her Generals under control! General Ljubičić rejoined that the Russians did too! The Prime Minister agreed that this was probably true now since the generation from the war period were still in charge. The difference was that the present generation knew at first hand the dreadful consequences of war and therefore exercised restraint based on experience. The next generation might be less inhibited. The Soviet war machine was frightening. The Soviets possessed highly effective weapons such as the SS20, submarines, aircraft and tanks with titanium armour plating. The rising generation might be tempted to use it if things went bad at home. Mr. Djuranović commented that the West was afraid of the East and vice versa. Yugoslavia was afraid of developments between the two. Mrs. Thatcher said that our forces were for defence whereas the entire Soviet military strategy and tactics were offensive. General Ljubičić said that the Soviets had the same view of the West. They thought that they were surrounded by Western military bases. The Prime Minister said that the West threatened no-one. General Ljubičić said that the Soviets made the same claim for themselves. The Prime Minister said that it was the Soviet Union who had gone into Afghanistan and the Cubans into Ethiopia and Angola, not the West. She had no-one to send anywhere!

Mr. Djuranović commented that in viewing Soviet policy it was necessary to take into account Sino/Soviet relations. The rapprochement between the USA and China and between China and Japan was seen by the Soviet Union as a threat. It was difficult to say who the new cadres who would come after Brezhnev would be or what they would think. With Brezhnev the Yugoslav believed that it was possible to reach a degree of agreement, more so than with Suslov and others. Yugoslavia's relations with the Soviet Union had been established on a basis of equality. However, the same Soviet leadership had conducted the intervention into Afghanistan. It was all a question of Soviet national interests. He expected both the present and future Soviet leadership would be guided by the same considerations. The

/Prime Minister

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Prime Minister asked why the Soviet Union feared China which was a poor country by comparison. Mrs. Tomašević-Arnesen answered briefly - one billion people! The Prime Minister opined that China could not present a danger immediately or for years. Mr. Čulafić observed that one billion people marching with chopsticks! General Ljubičić agreed that China could not be compared with the Soviet Union militarily but their relations should not be viewed in isolation from China's relations with the USA. Events in Afghanistan had shown how there was a whole knot of international inter-dependent relationships. The Prime Minister said she could not believe that the Soviet Union thought that the West would attack. Britain, for instance, had spent much of its recent history giving up territory. But, while we were surrendering territory, the Soviet Union was expanding.

International Economic Relations

Mr. Djuranović turned the conversation to the West's economic strategy which he thought was at variance with the West's political interests and the interests of the developing world. The developing countries were being forced to turn to the Soviet Union for help. We also had to bear in mind how slowly the industrialised countries were proceeding towards the goal of 0.7 per cent of GNP for aid. There were also the policies of the multi-national corporations vis-a-vis the LDCs. The West's strategy created political reservations in the LDCs vis-a-vis the West and forced them to cooperate increasingly with the Soviet Union. Many of the LDCs were on the brink of economic catastrophe. Yugoslavia thought the Soviet Union was also to blame since it showed even less understanding than the West in helping the LDCs. In Yugoslavia's contacts with the latter they had noted with great disappointment that the recent UN Special Session had failed to launch global talks. He only mentioned this subject now to put it in its political context. The Prime Minister agreed that they would discuss the subject further over lunch.

/Military Cooperation

Military Cooperation

General Ljubičić then asked to say a few words as he would not have the opportunity of meeting the Prime Minister again. He wished to draw attention to the state of military cooperation between the two countries. Yugoslavia had a higher level of military cooperation with Britain than with any other Western country. This cooperation had developed out of the war time and had been steadily on the increase. For example, Yugoslavia's purchases from Britain, such as aircraft engines, radars, communications equipment, ships, turbines, etc., were greater in one year than from the United States over five years. But he was unhappy about the increasingly high prices, although prices were going up everywhere, and about quality and delays in delivery. Yugoslavia had the feeling that some British firms were taking advantage of their monopoly and, in effect, black-mailing Yugoslavia. He had to admit that there was a problem with Rolls Royce that could spoil military/economic relations between the two countries. Serious talks had been held with Rolls Royce but they had not reached agreement. If the two sides did not come to terms, the future supply of Rolls Royce engines could be called in question. Cooperation with Marconi was proceeding quite well, but there had been a problem with Plessey. The Yugoslavs had agreed with Plessey on the installation of Plessey equipment at air fields which the Yugoslavs were to build in Iraq. However, Plessey had wanted to go it alone and as a result lost the contract to the French. This was not fair of Plessey after they had entered into an agreement with the Yugoslavs. It remained, however, Yugoslavia's interest to continue to develop military economic relations with Britain. Finally, he added that there was also the question of counter purchases. Yugoslavia was not asking for assistance from the Prime Minister at the present but might need to do so if things went wrong. The Prime Minister said that she had taken note and would cause enquiries to be made. She added that the Chief of the Defence Staff would be visiting Yugoslavia on 6 October and this would be an opportunity for further discussion.

The discussion ended at 0920 hours.

AmA

Djuranovic speech

Madam Prime Minister,
Ladies and Gentlemen,
Comrades,

It gives me particular pleasure to greet you in our country and to wish you a cordial welcome and a pleasant stay. You have already had the opportunity of visiting Yugoslavia and I hope that this time again you will be able to convince yourself of the sentiments of friendship which the peoples of Yugoslavia cherish towards the people of Britain and your country.

We view your visit as a proof of your preparedness to further strengthen the existing friendly relations forged during the Second World War, relations which we have been building up successfully for many

years, on the basis of the principles of equality, non-interference, mutual respect and mutual benefit. The visits to your country by President Tito and the visit to Yugoslavia by Her Majesty Queen Elizabeth II have given a special impetus to such development of our relation.

I consider it important to point out that the different socio-political systems and specific international positions of our two countries have never been an obstacle to the successful development of our relations. Numerous contacts and the expanding co-operation between all the structures of our two countries, as well as developed human contacts have broadened the bases of these relations and given them an even richer content.

I believe you will agree with me, Madam Prime Minister, that highly important for the further development of mutual co-operation is to exert joint efforts in the field of economic relations - to which we attribute major importance in our aggregate co-operation - in order to overcome certain setbacks and problems and to open new prospects for co-operation. I am referring to Yugoslavia's negative trade balance over a number of years and the insufficient use so far of the advantages offered by the more advanced forms of economic co-operation such as joint investments, long-term production co-operation in industry, joint ventures on the markets of third countries, etc. I am convinced that upgrading the economic co-operation would also contribute to a more balanced trade, which is in the interest of both sides.

Notable results have also been achieved in the fields of cultural, educational, scientific and technical co-operation, as well as in the co-operation in tourism and in other fields. However, not all the possibilities have been fully utilized.

We feel that outstanding questions, as well as problems arising in our co-operation from time to time, can be solved in the same spirit, in an atmosphere of mutual respect and in open dialogue. This would no doubt lead to a further reinforcement of relations and the enhancement of the climate of mutual trust and overall co-operation, which, I am confident, is in the mutual interest.

It is in this context that we also view the role of mass media, which can contribute a great deal to a better mutual acquaintance and rapprochement of the peoples of our two countries. Furthermore, a problem which should by no means be passed over in silence are the activities of the hostile emigrés who abuse the hospitality accorded them in your country, damaging thereby the good and friendly relations existing between Yugoslavia and Britain. I believe that it should be our common concern to constantly and carefully protect our relations from such attempts.

Madam Prime Minister,

We are concerned over the present grave situation in the world. The ever more frequent recourse to the use of force,

interference and pressure, and even outright intervention, has led to a very serious aggravation of international situation, the deterioration of relations between the blocs and big powers and to the further intensification of the already dangerous arms race.

All the foregoing threatens in particular the independence and security of many countries and weakens the stability of international relations and the foundations of peace in the world at large.

Our attention is particularly attracted by the fact that the focus of crises and escalated rivalry is increasingly being transferred to the areas of non-aligned countries, while attempts are being made, at the same time, to take advantage of unsettled or controversial issues between those countries. We consider that such a situation in international relations makes it incumbent on all countries and on the entire international community to exert intensified efforts with a view to eliminating the existing crises and outstanding problems through patient dialogue and by political means,

in the spirit of the principles of peaceful co-existence, which also constitute the basis of the policy of non-alignment. We believe that Iraq and Iran, proceeding from the same principles and objectives, will halt the present armed conflict and proceed to the search of solutions to controversial issues by political means.

Our lasting orientation to pursue the policy of non-alignment as an independent non-bloc factor in international relations, reflects our firm conviction that its principles and goals represent a universal value and that it is no longer possible to deal successfully with any major world problem without the participation of non-aligned countries. Along with other non-aligned countries we are endeavouring to contribute actively to overcoming the present crisis in international relations, to strengthening détente as a world process and to resolving the acute problems of the world, which is increasingly becoming a task which brooks no delay.

We are keenly interested in achieving genuine progress towards eliminating the existing hotbeds of crisis on the

basis of relevant United Nations resolutions and the positions adopted at the summit conferences of non-aligned countries. We consider that only just, lasting and comprehensive solutions to those crises, based on the rights of peoples to independence, self-determination, equal security and autonomous internal development, can ensure stability and peace in those regions and beyond. In this connexion, the constant strengthening of the United Nations, which remains an irreplaceable forum for coping with vital problems of mankind must be the continuous concern of all its Members.

The arms race is threatening to get out of control and is endangering the stability of international relations and peace in the world. This calls for an urgent opening of dialogues that would be conducive to the initiation of a genuine process of armaments reduction and disarmament. We support all initiatives and proposals in that direction.

We are especially concerned at the present very difficult situation in international economic relations and the non-solution of the problems of development in particular. We feel that the problems in this sphere are a major source of danger to the stability of international relations in general. It is in the interest of world peace, and of all the countries, to initiate without further delay the process of genuine solution of these problems, particularly those related to the situation of developing countries, on the basis of partnership and international solidarity. The limited results achieved at the special session of the General Assembly of the United Nations on global negotiations and development have once more warned of the acute nature of those problems and of the necessity to exert additional efforts.

As a European and non-aligned country, Yugoslavia attaches great importance to the Madrid Meeting of the Conference on Security and Co-operation in Europe. We expect the meeting to contribute to the strengthening of the process of relaxation and co-operation in Europe and beyond, and to transcending the present crisis in international relations. We think that the work of the meeting should take place in a constructive atmosphere, that implementation of all the parts of the Helsinki Final Act should be reviewed in a comprehensive and balanced manner, that progress should be made towards strengthening the military aspects of security on our continent and that the continuity of the work of the CSCE should be ensured. In our opinion the unfavourable situation in the world makes even greater the political responsibility of all the participating States to exert efforts for the success of the Madrid Meeting.

The fruitful results achieved in all areas of our bilateral co-operation are encouraging. This indicates that we are going the right way, but at the same time makes it incumbent on us to continue exerting joint efforts to further develop our relations and to enrich them with new contents of co-operation in an atmosphere of mutual understanding and confidence.

I now invite you to join me in raising this glass to the health of Her Majesty Queen Elizabeth II, to your personal health, Madam Prime Minister, to that of your husband, and your associates, to the progress of your country and to the further successful development and strengthening of all-round co-operation between the peoples of Yugoslavia and Great Britain.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE
PRIME MINISTER OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA,
MR. VESELIN DJURANOVIC, ON WEDNESDAY, 24 SEPTEMBER 1980 AT

1430

PRESENT

Prime Minister	H.E. Mr. V. Djuranovic
H.E. Mr. E. Bolland	Mr. Andov - Member of the Federal Executive Council
Mr. E. A. J. Fergusson	Mr. Cicanovic - Senior Political Adviser to Mr. Djuranovic
Mr. M. O'D. B. Alexander	Mr. Melovski - Assistant to the Federal Secretariat for Foreign Affairs
Mr. B. Ingham	H.E. Mr. Berisajljevic - Yugoslav Ambassador to London
Mr. T. J. Clark	Mr. Jovanovic - Head of Western European Department of the FSFA
Mr. B. Sparrow	Mr. Mitic - Head of Section for Great Britain and Northern Ireland and Scandinavia in the West European Department of the FSFA
Mr. D. Miller	

Mr. Djuranovic welcomed the Prime Minister. He looked forward to this visit as an event of great significance and as a stimulus for the further development of the good bilateral relations between the two countries and of co-operation in international affairs. The Yugoslav people had been much impressed by and grateful for the support shown to their country at the time of President Tito's funeral. The Prime Minister said that the high level of the British delegation to President Tito's funeral had been a deliberate gesture to emphasise Britain's friendship for Yugoslavia and admiration for President Tito as an outstanding statesman.

The Prime Minister stressed that the discussions should be as frank as possible. It was important that both sides spoke their minds without inhibition, whilst preserving discretion outside. She was sure that Mr. Djuranovic had no doubts about Britain's support for Yugoslavia's independence and integrity.

Mr. Djuranovic agreed that it was important that we should be frank with each other.

/Bilateral Relations

Bilateral RelationsTrade

Mr. Djuranović referred to the large and long lasting deficit in Yugoslavia's trade with the United Kingdom. In his view, such a deficit was not in the spirit of the good bilateral political relationship. He hoped that something could be done to reduce the size of the deficit over a period of years. Yugoslavia did not wish to reduce its deficit by imposing restrictive measures but rather by expanding her own exports. The Yugoslavs were particularly distressed by the fact that food products, which had once accounted for 46 per cent of Yugoslavia's trade with Britain, had been reduced following Britain's entry to the EC to a level where they now represented less than 3 per cent of the trade.

The Prime Minister pointed out that in a very competitive world it was up to the seller to produce goods that were wanted at an acceptable price. She expressed the hope that perhaps more aggressive marketing and the establishment of a Yugoslav wine and food centre in London might bring about an increase in Yugoslavia's exports. The agreement signed with the EC should provide some scope for expanding Yugoslav sales. Mr. Djuranović said that it was perhaps a little early to expect to see any major changes following the agreement. His government were nevertheless disappointed at the relative lack of progress. He hoped that the visit of the Yugoslav Secretary for Foreign Trade to London in July and the return visit by Mr. Parkinson next spring would help to make progress in this field. The coverage of Yugoslav imports by exports with the United Kingdom was lowest amongst her EC partners. He recognised that the main responsibility for changing the situation lay with Yugoslav industry. His government were making great efforts, by means of seminars in particular, to draw the attention of Yugoslav enterprises to the opportunities offered by the new agreement with the EC. He expressed his government's official gratitude for United Kingdom support during the long negotiations.

/The Prime Minister

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The Prime Minister pointed out that the United Kingdom market was open, that the exchange rate favoured foreign suppliers and that the British market was used to variety. In these circumstances there should be scope for improving Yugoslavia's performance.

Finance

Mr. Djuranovic explained that Yugoslavia's large balance of payments deficit, which had been significantly increased by recent increases in the price of oil, meant that she had to look for some short term financial assistance to tide her over a difficult period. In looking for credits from abroad Yugoslavia had preferred a bilateral approach. There had been some preliminary discussions with a group of four London banks with a view to the provision of \$100 million in 1980 followed by another \$100 million in 1981. In discussions with these London banks it had become clear that there was a preference on their part for acting on a multi-lateral basis, to involve United States, Canadian and possibly Japanese banks. While the Yugoslavs would prefer a bilateral arrangement, they did not object to a multi-lateral, syndicated loan provided the sums involved met their needs. Yugoslavia was determined to keep her balance of payments deficit for 1980 down to \$2 billion. It might be possible to keep to a figure somewhat below this, due to increased tourist receipts, good harvests and an 11 per cent increase in exports in real terms. The present demand for international credits was to provide a breathing space and to increase Yugoslavia's reserves.

The Prime Minister said that she knew that banks tended to group together to provide credits on the scale Yugoslavia was looking for. She was certain that the Governor of the Yugoslav National Bank, in his recent discussions with the Governor of the Bank of England, would have found a spirit of co-operation and a source of sound advice. The United Kingdom fully understood the need for these credits and London, as a major international banking centre, would be able to play a useful role.

/Yugoslav Emigre Activity

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Yugoslav Emigré Activity

Mr. Djuranović drew attention to the activities of Yugoslav emigré organisations in the United Kingdom, particularly to the Croation National Council and to Četnik organisations. The United Kingdom was certainly not a base for terrorist activity but it had become a propaganda centre for such organisations which had increased their activities in the world since President Tito's death. The Prime Minister said she knew how strongly Yugoslavia felt about this and assured Mr. Djuranović that any terrorist activity in Britain would be dealt with swiftly and severely. If people guilty of criminal acts tried to come to London and the British authorities were informed in advance, something would be done about it. Mr. Djuranović should be reassured of the Prime Minister's personal condemnation of any activity directed against the independence and integrity of Yugoslavia. But she could not limit freedom of expression. Mr. Djuranović repeated that the emigré organisations were attempting to undermine Yugoslavia by all possible means. Such activity was increasing all over the world and seemed to have become particularly prevalent in London. Although the organisation started out with mere propaganda, this often led to violent acts such as the killing of the Yugoslav Ambassador in Sweden. The Prime Minister repeated that she understood the strength of Yugoslavia's feeling on this matter and stressed her determination to deal severely with any attempts at terrorist activity in the United Kingdom.

/International Affairs

International AffairsIraq/Iran

The Prime Minister expressed her great concern about the hostilities between Iraq and Iran. The general strategy should be to isolate the hostilities and to ensure that they did not spread. What tactics should be used to achieve this objective? The Security Council had already met and called for a ceasefire and political settlement. The Foreign Ministers of the Nine had also called for a ceasefire and welcomed the restraint being shown by the super powers. For the non-aligned, and Yugoslavia in particular, the situation was more difficult since both Iraq and Iran were members of the Non-Aligned Movement (NAM); moreover, Iraq was to be the next Chairman of the NAM. Perhaps it would be better to consider the problem in the smaller, Islamic group of the non-aligned rather than in the larger forum? The Security Council had recognised the need to ensure that hostilities did not spread. It was important that every forum, the Security Council, EEC or Non-Aligned made it clear that the kind of action taken by Iraq and Iran was totally unacceptable to the rest of the world. Otherwise no country would be safe.

Mr. Djuranović said he shared the Prime Minister's concern. The history of the dispute went back to 1911. At least part of the present problem was that Khomeini, who had been living in Iraq at the time, had condemned the Agreement signed with Iraq by the then Shah in 1975. Yugoslavia had good relations with both countries and had expressed its anxiety to both their Presidents. Political means must be found to stop the escalation. Mr. Djuranović suggested returning to this subject on the following day when fresh information would have been received from the Non-Aligned Co-ordinating Bureau now meeting in New York.

Arab/Israel

Mr. Djuranović said the Yugoslav position had not changed. A way out of the crisis could not be found through a separate

/solution.

solution. Although Camp David had not yet yielded its final results, time had shown that the settlement had not achieved its main aims and that the basic causes of the crisis still existed. What was needed was a different solution based on a different foundation. Some of the UN Resolutions came very close to offering a long-term solution. Support for the Palestinians must include their right to set up their own state. At the same time Israel had to be given firm guarantees. The problem of Jerusalem had made the situation even more complicated.

Camp David had led to a new division in the Arab world and among the non-aligned. Yugoslavia was not in favour of boycotting Egypt or suspending her from the Movement. This was not acceptable. The Venice Summit had shown the ability of Western Europe to make its own contribution towards a solution. Recent events in Western Europe pointed towards recognition of the PLO as the legitimate representative of the Palestinian people; this too was conducive to solving the problem. Mr. Djuranović asked about the degree of popular support for Mr. Begin. It was clear that people in Israel were not satisfied with the no war/no peace situation.

The Prime Minister said she agreed with much of what Mr. Djuranović had said. The problem was no nearer a solution. Many Arab states felt that if the present situation persisted the West Bank would become accepted as part of Israel. This was something to which the Arabs could never agree. It was not Israeli territory. Britain in fact recognised that the land belonged to Jordan. Britain did not consider Camp David to be a full solution either, but President Sadat had been very courageous in going to Jerusalem. Although Britain recognised Israel's right to exist between secure borders, we had found Mr. Begin very difficult to deal with. We had said to him, as to others, that it was wrong to set up new settlements on the West Bank. He had replied by saying that Samaria and Judaea had belonged to Israel in biblical times, therefore they belonged to Israel now. But much had happened since biblical times!

/The Prime Minister

The Prime Minister said it had been very important to ensure that no vacuum was left between the beginning of the election campaign in the United States and the elections themselves. The Prime Minister described the objectives of M. Thorn's visit to the Middle East. These had been (1) to discuss the principles of a settlement and (2) the means by which Palestinian statehood would be realised in practice. On the PLO the Prime Minister said there was a slight difference between the Yugoslav and British positions. We did not recognise the PLO as the sole legitimate representative of the Palestinian people because the PLO had been and was still to some extent connected with terrorism. It would be easier if they renounced terrorism in return for a settlement including mutual recognition between the Palestinians and the Israelis. M. Thorn had tried to talk to the West Bank Mayors but it had not been easy to get them together because of difficulties made by the Israelis. The hardest part of the problem to solve would be the question of East Jerusalem. The Nine had been firm in their reaction to the recent Knesset legislation. Western countries in general would not deal with Mr. Begin in East Jerusalem. Britain's Arab friends were of course very concerned at the lack of progress. The Israelis, when asked about the possibility of a Palestinian state, had said that such a state would be dominated and controlled from Moscow. The Gulf states did not agree. They said that if the Palestinians' main grievance was removed, such a possibility would not arise. In any case, the Arabs would provide much of the financial support for the new state.

East/West Relations

The Prime Minister defined the British concept of detente as being achieved through defence, and deterrence. Helsinki had dealt with all three factors with special emphasis on new ways of developing detente. Britain had had high hopes of achieving detente through reciprocity. But since Helsinki there had been setbacks. The worst was Afghanistan. If one nation occupied another by force, there was no security in the world. Britain could not have normal relations with the Soviet Union

/until her

until her occupation of Afghanistan had ended. The Western allies all adhered to this principle. The subject of Afghanistan would dominate Madrid because one participating state had occupied another nation. Britain would be very critical of the Soviet position. The Western response to Afghanistan had in fact been a moderate one. Less technology and wheat was now being exported to the Soviet Union and some Western countries had tried to give guidance on the Olympic Games.

On MBFR, the Prime Minister said the participants had got almost nowhere mainly because it had been impossible to get at precise data. On TNF, the West was of course prepared to negotiate with the Soviet Union, which was far ahead on medium-range missiles both in type and number. We had therefore agreed to locating some American missiles in Britain to redress the balance. Although Madrid would be dominated by Afghanistan, we were equally concerned about the future implementation of Basket III. The Soviet Union had tightened up its regulations concerning many aspects of the Basket III provisions and had taken action against the Helsinki monitoring groups.

Mr. Djuranović said that Yugoslavia, as a small and non-aligned country, asked itself where the world was going. Not only was there no settlement of existing crises but new ones were emerging. This in itself might lead to yet further crises would could evolve into something which nobody would want to happen. The Yugoslav attitude was dominated by its interest in safeguarding peace and by its belief in the right of every people freely to decide their destiny without outside interference. This was the basis on which all existing problems should be solved. But the role of the big powers and military blocs was a reality. Yugoslavia accepted that they must take an active part in the solution of world crises if detente was to be promoted. But the fact that detente existed only between the two blocs was itself conducive to crises. On the one hand local crises could be caused by specific developments in particular regions. On

/the other

the other hand, crises were caused by bipolarism and the sharing of detente by the two super powers. Further prospects for detente on such a basis were not good. This situation was precarious and depended too much on the interests of the super powers at any given moment. Dialogue was required on a larger scale in order to achieve a more dynamic progress in detente. The emerging role of China, the role of the UN and of regional organisations would be very important to this process. The present increases in military budgets and the standstill in disarmament negotiations were in conflict with the letter and spirit of Helsinki.

The Prime Minister said that each crisis had its own specific nature. If the United States had invaded Mexico for the same reasons as the Soviet Union had occupied Afghanistan, there would have been an international uproar. It was time to take a stand on principles. Each nation had its own integrity and that integrity must be respected. Otherwise none of us was safe. Although many of the national borders in Africa were inconvenient to the countries concerned, the OAU had insisted that those boundaries be accepted and respected. The Vietnamese invasion of Kampuchea had caused grievous problems which civilised society, through the UN, had failed to check. This was a blot on the UN. An absolute stand must be taken on principles if the nations of the world were to live in security. This was what Helsinki was all about. The CSCE process must be a reciprocal one. So far Helsinki had not worked out in the way we had wanted.

Mr. Djuranović said that he had referred to Yugoslavia's general view. It had taken its stand on each specific crisis, e.g. on Vietnam, Kampuchea, and it had not weakened on this point. It had been equally clear about the Soviet invasion of Afghanistan. This had been reconfirmed on many occasions and in the NAM. The Prime Minister said that Britain stood on the same principles and called for absolute adherence to them. The problem was that detente was a two-way process. We hoped that we were doing all that we said we would do. The British and Yugoslav peoples

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had no interest in a major war, or in subversion, or in invasion by proxy. Mr. Djuranović said he agreed with what the Prime Minister had just said and shared her views concerning hegemony, intervention and interference from outside; each nation had the right to determine its own fate. As to the NAM's role in solving international problems, it was well-known that both Kampuchea and Afghanistan had caused divisions among the non-aligned. But it was not a question of whether the policy of non-alignment itself had been reassessed, or of whether the NAM could be safeguarded or take a major role in solving crises. The Prime Minister said that if the non-aligned countries were to stay non-aligned and independent, they would have to play a major role. Here Yugoslavia was in a leading position.

Mr. Djuranović said that both Yugoslavia and India had been founders of the NAM. But now India recognised the Heng Samrin regime in Kampuchea. This did not mean that India had renounced non-alignment. India had its problems with China, with the United States and with Pakistan. India was in a very vulnerable situation. Although Yugoslavia did not agree with India on Kampuchea, what India had done was the best for India at the moment.

The discussion ended at 1730 hours.

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29 September 1980

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FROM ATHENS
TO IMMEDIATE BELGRADE
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FOLLOWING PERSONAL FOR PRIVATE SECRETARY (ALEXANDER)

1. I AM ASSUMING THAT YOU WILL REPORT DOCUMENT OF WHICH YOU HANDED ME COPY ON DEPARTURE FROM ATHENS. IT IS OF COURSE VERY IMPORTANT TO PRESERVE RALLIS' CONFIDENCE. I SHOULD HOWEVER BE GRATEFUL FOR OPPORTUNITY TO COMMENT AND IF YOU COULD ARRANGE TO KEEP ME INFORMED.

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Taken from Foreign Policy
PM's Visit to Greece - Yugoslavia
Aug 80.

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE LEADER OF
THE GREEK OPPOSITION AT THE MAXIMOS RESIDENCE IN ATHENS ON TUESDAY
23 SEPTEMBER 1980 AT 1200

Present: Prime Minister Mr. Papandreou
Mr. I.J.M. Sutherland Mr. A. Papadopoulos
Mr. M.O'D.B. Alexander Mr. Haralambopoulos
Mr. T.L.A. Daunt

* * * * *

After discussion of the Prime Minister's initial impressions of Greece, Mr. Papandreou said that he was much perturbed by the military coup in Turkey. The policies of the new regime would emerge gradually but his own feeling was that the outlook for relations between Greece and Turkey was even more sombre than in recent months. He was interested to find that President Karamanlis agreed with his assessment, even though Mr. Rallis' Government did not. In any case, the establishment of another dictatorship in the area was something to be deplored. The effect on confidence in a number of countries, including Greece, would be adverse; military opinion too might be influenced.

The Prime Minister said that she remained much concerned by the general instability in countries to the east of Turkey and more widely in the world. In these circumstances the cohesion of the European Community and of NATO was essential. The overriding need was to reinforce areas of stability. Mr. Papandreou might not agree but the Prime Minister saw the question of Greek reintegration into NATO in that context: it was in the interests both of Greece and of western democracy.

Mr. Papandreou said that he much welcomed the frankness with which the Prime Minister had put her views. His party was not against the closest contacts with western countries but its views were coloured by the unhappy history of Greek participation in NATO. The seven years of dictatorship had resulted from what was to all intents and purposes a NATO plan. Plan Prometheus, ostensibly drawn up to cope with fifth column activity in the event of war, had been used to carry out and support a coup against the legitimate

/ Government

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Government of Greece. Its purport had been concealed from the then Greek Prime Minister. And NATO had been associated with events in Cyprus in 1974. There was evidence that the coup against President Makarios and the two phases of the Turkish invasion had been co-ordinated in NATO. The Prime Minister interrupted to ask whether Mr. Papandreou was suggesting that the United Kingdom was implicated in the coup against Archbishop Makarios. Mr. Papandreou said that he was not suggesting that the United Kingdom had had any direct involvement. But it was clear that Messrs. Kissinger and Sisco were deeply implicated. Against this general background NATO obviously did not mean the same to Greeks as it did to the British. Moreover, Greece had been a member of the NATO military structure from 1952 until she came close to war with Turkey in 1974. At that juncture it became evident that the Greek armed forces were equipped and trained only for short-term action against overwhelming odds in the event of war between the super powers. Since 1974, Greece had achieved a well integrated national military force with a national defence plan and a capability for local warfare. The Prime Minister said that the two roles were not mutually exclusive. She instanced the possible uses of Britain's nuclear deterrent which, in normal circumstances, was assigned to NATO. She regarded Mr. Papandreou's approach as misguided. NATO provided the only credible defence against Soviet military domination.

Mr. Papandreou, answering a question, agreed that recent events in Poland were deeply significant. The fundamental question was whether the Party was to be the sole source of political power. If an alternative source was tolerated, the whole basis on which the communist state was organised would be undermined. In the Polish case, however, any attempt to reverse the process now in train would result in major bloodshed. Mr. Papandreou expected Hungary to be the first communist country to emulate the Polish example; he regarded Czechoslovakia as too subdued following the events of 1968. The Prime Minister said that she agreed generally with Mr. Papandreou's analysis. She wondered about the implications for the Soviet Union itself. Mr. Papandreou said that he thought that the Soviet Union would be immune for some time. The process would be a very long one, even if a major effort was not made to arrest it. He agreed with the Prime Minister that the movement for greater freedom in Poland came from a combination of intellectuals

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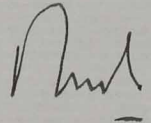
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and workers, and that there was in addition a religious dimension. It was this amalgam which gave the movement its strength.

Reverting to the question of NATO, Mr. Papandreou said that he did not regard the Alliance as giving Greece any guarantee of support in the event of aggression. Were Bulgaria, for example, to attack Greece, there was no guarantee that NATO would come to her assistance. The Treaty provided only for consultation. His view was that, if it was really true that Greece was important to the west, the west would come to Greece's defence whether or not Greece was a member of NATO. He wished to develop very close relations with the West but did not wish these to be on lines followed hitherto. With regard to the European Community, he favoured a relationship similar to that enjoyed by Yugoslavia. Indicating that she did not agree, the Prime Minister said that she thought that Mr. Papandreou misrepresented the commitment which the NATO allies undertook towards each other. It was the clear assumption that an attack on one was to be regarded as an attack on all.

The discussion ended at 1230.



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INFO PRIORITY UKMIS NEW YORK (FOR PRIVATE SECRETARY),

ROUTINE ANKARA, NICOSIA, WASHINGTON, UKDEL NATO

SAVING TO UKREP BRUSSELS

Prime Minister

MAF

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To see all, if you did not have this in Athens

PRIME MINISTER'S VISIT

1. WITH THE VISIT TO ATHENS VIRTUALLY COMPLETE, IT IS CLEAR THAT IT HAS BEEN A CONSIDERABLE SUCCESS BOTH IN ESTABLISHING A RELATIONSHIP WITH RALLIS AND IN PUBLIC RELATIONS TERMS. THE TALKS WERE SUBSTANTIAL BUT PRODUCED LITTLE THAT WAS UNEXPECTED. THE GREEKS SHOWED REAL PASSION ONLY ON RELATIONS WITH TURKEY AND GREEK INTEGRATION IN THE MILITARY STRUCTURE OF NATO IN PARTICULAR.
2. THE TALKS WITH RALLIS COVERED THE MIDDLE EAST, EAST/WEST RELATIONS, THE COMMUNITY, CYPRUS AND TURKEY. IN DISCUSSION OF THE -EC- RALLIS, WHO WAS WELL AWARE OF THE LINE TAKEN BY UK REPRESENTATIVES IN BRUSSELS IN DISCUSSION WITH THE COMMISSION, PRESSED THE CASE STRONGLY FOR STICKING TO THE QUOTA OF 15% IN THE REGIONAL FUND PROPOSED BY THE COMMISSION FOR GREECE.
3. DISCUSSION OF CYPRUS WAS PERFUNCTORY, BUT RALLIS, MITSOTAKIS AND AVEROFF ALL STRESSED THE URGENCY OF AGREEMENT ON GREEK RE-ENTRY TO NATO AND THE NEED FOR CONCERTED PRESSURE ON THE NEW TURKISH REGIME TO LIFT ITS VETO. WITH ELECTIONS IN GREECE PENDING, A SOLUTION WAS NEEDED WITHIN THE NEXT FEW MONTHS. IF IT WAS NOT ACHIEVED, POLITICAL IMPERATIVES IN GREECE WOULD NECESSITATE WITHDRAWAL OF THE GREEK REQUEST FOR REINTEGRATION., AND AGREEMENT OVER THE -US- BASES WOULD BE IMPOSSIBLE, NECESSITATING THEIR REMOVAL, ANSWERING THE PRIME MINISTER'S QUESTION, AVEROFF SAID THAT THERE HAD BEEN NO SUBSTANTIAL PROGRESS IN RECENT WEEKS: ONLY MINOR PRESENTATIONAL IMPROVEMENTS. THE NATO ALLIES, WHICH WERE SAVING THE TURKISH ECONOMY, MUST NOT PERMIT TURKEY TO CONTINUE TO DAMAGE NATO BY BLOCKING GREEK RE-ENTRY.
4. THE PRIME MINISTER, EMPHASISING THE IMPORTANCE OF GREEK REINTEGRATION FOR THE DEFENCE OF THE WEST, PRESSED RALLIS TO HOLD OUT AGAINST ACTION WHICH WOULD SERIOUSLY DAMAGE NATO AND IN EFFECT WOULD BE A VICTORY FOR HIS OPPONENTS. SHE STRESSED BRITISH SUPPORT FOR SACEUR'S EFFORTS TO NEGOTIATE A SOLUTION. LATER, SPEKING PRIVATELY, AT THE PRESIDENT'S LUNCH, RALLIS MENTIONED THAT HIS GRAVE CONCERN AROSE FROM A REPORT WHICH

HE HAS

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HE HAD JUST RECEIVED FROM THE GREEK AMBASSADOR IN ANKARA FOLLOWING A CONVERSATION WITH THE NEW TURKISH FOREIGN MINISTER AT WHICH TURKMEN, CLEARLY SPEAKING ON INSTRUCTIONS, HAD REJECTED THE LATEST GREEK PROPOSALS FOR AMENDMENT OF SACEUR'S LATEST COMPROMISE TEXT.

5. THE MEETING WITH THE LEADER OF THE OPPOSITION WAS CONFINED TO GENERAL TALK. THE DISCUSSION WITH PRESIDENT KARAMANLIS CONCENTRATED ON THE MIDDLE EAST AND THE BALKANS. HE REINFORCED WHAT RALLIS AND HIS COLLEAGUES HAD SAID ON GREECE/NATO.

6. DESPITE SUBSTANTIAL IMPROVEMENT OF OUR OFFER, THE CONTRACT FOR THE COAL-FIRED POWER STATION WORTH £150 MILLION HAS NOT BEEN CLINCHED. ON THE CONTRACT, IT HAS BEEN MADE CLEAR TO THE GREEKS THAT THE TERMS OF THE OFFER BOTH BY GEC ON THE STATION AND BY THE NCB ON COAL CANNOT BE FURTHER IMPROVED. THE PROSPECTS FOR AGREEMENT BEFORE THE PRIME MINISTER LEAVES SEEM NIL BUT THE OFFER REMAINS ON THE TABLE IN THE HOPE THAT AGREEMENT CAN BE CONCLUDED BY OR DURING THE SECRETARY OF STATE FOR TRADE'S VISIT NEXT MONTH.

SUTHERLAND

THIS TELEGRAM
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No. 10 DOWNING STREET

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cc M...low

cc Nato/Greece Sept. 80

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF GREECE, MR. KARAMANLIS, IN ATHENS ON 23 SEPTEMBER 1980 AT 1245 HOURS

Present:

Prime Minister	Mr. Karamanlis
H.E. Mr. Ian Sutherland	Mr. Lagakos
Mr. M.O'D.B. Alexander	Mr. Molyviatis

* * * *

After an exchange of courtesies, President Karamanlis described the economic problems being encountered by the Greek Government. Although there was little unemployment, the balance of payments situation was very serious. The deficit had virtually tripled in three years. Inflation was running at a rate of 24 per cent per annum and was on a rising trend. The causes of inflation were the price of oil and an excessively generous incomes policy. The income of workers and farmers had been held down by the Colonels. It had been necessary to give them justice after the restoration of democracy. The economy was basically sound and the Government was fighting hard to control the problems. But the oil producers were making it difficult.

President Karamanlis said that the situation in the Middle East was very worrying. No-one was in control. The problems were, of course, very grave since the economy of Europe depended on Middle East oil. Unless Europe was prepared to take effective measures in good time, the oil suppliers would dictate policy. The only way to abate the feeling of absolute dependence on the oil producers was to formulate a common European policy and insist that the producers enter into discussions. Failing such an approach, Europe would in due course be faced with a choice between economic collapse and the use of force. The Prime Minister commented that Europe had been trying to give substance to the Euro-Arab dialogue for a long time. Perhaps the additional uncertainty flowing from the current hostilities between Iran and Iraq would make the Gulf States more inclined

/ to look

CONFIDENTIAL

- 2 -

to look to the West for security. President Karamanlis commented that the Gulf States were more concerned with internal security than with the external threat. They seemed unable to formulate a common policy. Moreover the conservative regimes, who tended to be pro-Western, were being increasingly infiltrated by radicals. If Saudi Arabia went the way of Libya and Algeria, the entire situation would pass out of Western control.

President Karamanlis asked the Prime Minister for her views on the origin of the conflict between Iran and Iraq. The Prime Minister referred to the existence of an Arab minority in Southern Iran, to the difficulties inside Iraq which might, in the view of the Iraqi Government, be diminished by engaging in hostilities with Iran, and to the desire to acquire additional territory. However, she had been surprised by the extent of the Iraqi invasion. President Karamanlis asked whether Iraq's neighbours were likely to try to restrain the Iraqi Government. The Prime Minister said that she doubted whether any of them were in a position to do so. President Karamanlis agreed and said that the flare-up of fighting was yet another example of the lack of logic which was so prevalent in international affairs at present. The problems of the Middle East had begun 30 or 40 years earlier and had seemed to get worse every year since. There had been a failure to take timely action in the past. It would now be more difficult than ever to find solutions.

NATO

The Prime Minister said that she had discussed with Mr. Rallis the question of Greece's re-integration into NATO. She had been glad to learn in detail about the political, Parliamentary and national problems which would arise if an early solution was not found. President Karamanlis said that this was yet another problem for which he could see no logical explanation. Every other alliance was trying to find new members in order to strengthen it but Greece was kept waiting at the door by NATO. He had been widely criticised in Greece for changing his mind in 1977 and applying for re-entry. The Greek people felt additionally

/ humiliated

CONFIDENTIAL

- 3 -

humiliated by being forced to wait for acceptance. The Prime Minister said that she would enquire into the progress being made by General Rogers. She had not yet formed a view as to whether the change in Turkey would make it more or less difficult to secure Turkish agreement to Greece's rejoining NATO. She asked whether President Karamanlis had formed a view on this point. President Karamanlis said that the situation was not yet clear. The military Government would be less bound by public opinion. On the other hand, the military tended to be more chauvinistic than professional politicians. The Greek Government had, in his view, always been moderate. They had retained their hope that the Turks would talk with them. The problems between the two countries could be solved. But for the last six years there had been no interlocutor in Ankara. Greece's offers and suggestions had never been discussed. President Karamanlis described the difficulties he had had with Mr. Demirel and Mr. Ecevit over negotiations on the Continental Shelf. The handling of the issue of Greek re-entry into NATO had been characteristic. The Turks should in logic be urging Greece to rejoin. After all, if Greece were to leave, Turkey would be completely cut off.

President Karamanlis said that the situation inside Turkey was very bad. There were serious social, ethnic, religious and political problems. It was extremely difficult to envisage how the situation would work out. General Evren's statements so far had been moderate and encouraging. But it would be very hard for the military to give up power. They would fear another explosion. Those who were giving aid to Turkey should also be giving the Turks advice. Great efforts were being made to strengthen the Alliance: Turkey must not be allowed to weaken it. Turkey's role in the Eastern Mediterranean was vital. Progress in Cyprus, in Greco-Turkish relations, and on the re-integration of Greece into NATO all depended on the Turks. If no progress were made, the situation in the Eastern Mediterranean would deteriorate. This could have very dangerous consequences indeed. The Prime Minister said she fully agreed about the urgency of the situation.

The discussion ended at 1335.

24 September 1980

Handwritten signature

LLG 781

FDW G 183/23

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OO ATHENS DESKBY 240400Z

GRS 1028
RESTRICTED
DESKBY 240700Z BELGRADE
DESKBY 240400Z ATHENS
FM FCO 231800Z SEP 80
TO IMMEDIATE BELGRADE
TELEGRAM NUMBER 187 OF 23 SEPTEMBER
INFO IMMEDIATE ATHENS (FOR FERGUSSON)

YOUR TELEGRAM NUMBER 270: PRIME MINISTER'S VISIT: JOINT STATEMENT

1. CONGRATULATIONS ON MAKING SO MUCH PROGRESS. FOLLOWING ARE OUR COMMENTS ON POINTS IN YOUR TELEGRAM UNDER REFERENCE AND IN TELECONS TODAY.

- A. PARAGRAPH 4: AGREED
- B. PARAGRAPH 5: AGREED
- C. PARAGRAPH 7: AGREED
- D. PARAGRAPH 8: THE YUGOSLAV FORMULA PLACES TOO MUCH EMPHASIS ON GOVERNMENT ACTIVITY. PLEASE PROPOSE INSTEAD QUOTE THE TWO GOVERNMENTS WILL ENCOURAGE EFFORTS TO THIS END UNQUOTE.

- E. PARAGRAPH 10: WE CAN ACCEPT QUOTE ANY CRIMINAL UNQUOTE.
- F. PARAGRAPH 11: AGREED SUBJECT TO THE FOLLOWING.

(I) WE HAVE DIFFICULTIES WITH THE REFERENCE TO QUOTE ABSENCE UNQUOTE OF CONSTRUCTIVE DIALOGUE AND THE PHRASE QUOTE WEAKENING OF THE POLICY OF DETENTE UNQUOTE. THE IDEA BEHIND THE LATTER IS IN ANY CASE CONTAINED IN THE EARLIER REFERENCE TO QUOTE WORSENING IN THE INTERNATIONAL SITUATION UNQUOTE. PLEASE THEREFORE PROPOSE AMENDMENT OF SECOND SENTENCE AS FOLLOWS: QUOTE THEY CALLED FOR A MORE CONSTRUCTIVE INTERNATIONAL DIALOGUE AND STRENGTHENING OF DETENTE AND EXPRESSED THE CONVICTION THAT RELATIONS BETWEEN ALL STATES MUST BE BASED ON RESPECT FOR SOVEREIGNTY, INDEPENDENCE, TERRITORIAL INTEGRITY, NON-INTERVENTION IN INTERNAL AFFAIRS, THE INADMISSIBILITY OF ATTEMPTS TO EXPAND INFLUENCE THROUGH THE THREAT OR USE OF FORCE, AND EQUAL COOPERATION UNQUOTE.

(II) OUR PHRASE CONCERNING INADMISSIBILITY OF THE THREAT OR USE OF FORCE IS NOT A DIRECT QUOTATION FROM EITHER THE UN CHARTER OR THE FINAL ACT BUT THE PRINCIPLE BEHIND IT APPEARS IN BOTH. IN OUR VIEW THE REFERENCE IN THE FOLLOWING SENTENCE TO THESE PRINCIPLES BEING QUOTE ENSHRINED UNQUOTE IN THE UN CHARTER AND FINAL ACT IS AN ACCURATE DESCRIPTION BUT IF NECESSARY WE COULD ACCEPT QUOTE REFLECTED UNQUOTE.

(III) FROM YUGOSLAV PROPOSED FINAL SENTENCE DELETE QUOTE ENCOMPASS THE SOLUTION OF UNQUOTE AND INSERT QUOTE BE APPLIED TO UNQUOTE.

G. WE ACCEPT THAT PARAGRAPHS 12 TO 15 SHOULD BE REPLACED BY A SINGLE GENERAL PARAGRAPH AS YUGOSLAVS SUGGEST PROVIDED

THAT:

(I) QUOTE CENTRAL ASIA UNQUOTE IS REPLACED BY QUOTE AFGHANISTAN UNQUOTE. (QUOTE CENTRAL ASIA UNQUOTE CAUSES US TWO DIFFICULTIES. THE RUSSIANS MIGHT MALICIOUSLY TO INTERPRET IT AS REFERRING TO SOVIET CENTRAL ASIA. TO REFER TO QUOTE CENTRAL ASIA UNQUOTE AS A CRISIS AREA MIGHT ALSO BE TAKEN AS SUPPORTING THE SOVIET THESIS THAT THE CRISIS IS NOT CONFINED TO AFGHANISTAN AND ANY SOLUTION SHOULD THEREFORE COVER EG PAKISTAN TOO).

(IHL) THE FOLLOWING ADDITIONAL SENTENCE FROM OUR EARLIER DRAFT IS INSERTED AFTER QUOTE INTERNAL DEVELOPMENT UNQUOTE. QUOTE THEY AFFIRMED THEIR OPPOSITION TO THE USE OF FORCE TO INTERFERE WITH THE INDEPENDENCE OF OTHER COUNTRIES AND AGREED ON THE NEED IN SUCH CASES FOR THE WITHDRAWAL OF FOREIGN FORCES AND POLITICAL SOLUTIONS RESPECTING THE SPIRIT AND PRINCIPLES OF THE UN CHARTER UNQUOTE. WE SEE NO REASON OF SUBSTANCE WHY THE YUGOSLAVS SHOULD DISLIKE THIS SENTENCE IN RELATION TO AFGHANISTAN BUT CAN UNDERSTAND THAT IT MIGHT AT PRESENT BE SENSITIVE IN JUXTAPOSITION TO A REFERENCE TO THE MIDDLE EAST. GIVEN THE REFERENCES TO NON INTERVENTION ETC ELSEWHERE IN THE DRAFT AND IN THE SAME PARAGRAPH TO UN RESOLUTIONS (ONE OF WHICH OF COURSE CALLED FOR WITHDRAWAL FROM AFGHANISTAN) WE THINK WE COULD DROP THE SENTENCE AT THE END OF THE DAY. BUT YOU SHOULD KEEP A RESERVE ON IT PENDING THE PRIME MINISTER'S ARRIVAL.

H. PARAGRAPH 17: WE ACCEPT YUGOSLAV DELETION OF REFERENCE TO WORLD OIL PRICES AND YOUR SECOND FORMULA TO BE INSERTED AT THE END OF THE LAST SENTENCE. THE PARAGRAPH WOULD THEREFORE READ: QUOTE BEARING IN MIND THE LINK BETWEEN INTERNATIONAL STABILITY AND THE PROBLEMS OF THE DEVELOPING AND ESPECIALLY THE LEAST DEVELOPED COUNTRIES, THE TWO PRIME MINISTERS REVIEWED THE OUTCOME OF THE RECENT SPECIAL SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY. THEY REGRETTED THAT IT HAD NOT PROVED POSSIBLE TO LAUNCH A ROUND OF GLOBAL NEGOTIATIONS TO BEGIN IN JANUARY 1981. THEY AGREED THAT EVERY EFFORT SHOULD BE MADE DURING THE UNITED NATIONS GENERAL ASSEMBLY TO REACH AGREEMENT ON THE REMAINING ISSUES. THE TWO SIDES AGREED THAT THE DEVELOPING WORLD FACES VERY SERIOUS ECONOMIC DIFFICULTIES. THEY AGREED THAT THERE WAS AN URGENT NEED TO FIND SOLUTIONS TO THESE PROBLEMS AND THEY EXPRESSED THE HOPE THAT THE GLOBAL NEGOTIATIONS WOULD RESULT IN VALUABLE PROGRESS TOWARDS INTERNATIONAL RELATIONS BASED ON AGREED COOPERATION AND COMMON INTEREST UNQUOTE.

I. PARAGRAPH 18: WE ACCEPT YOUR DRAFT.

J. WE WOULD OBJECT TO MUCH IN THE PROPOSED YUGOSLAV WORDING ON CSCE AND DOUBT IF THEY WOULD ACCEPT OUR IDEAL REDRAFT. WE THEREFORE SUGGEST THAT PARAGRAPH 19 SHOULD BE DELETED ENTIRELY AND THE FOLLOWING INSERTED AT THE END OF EXISTING PARA 11 AFTER QUOTE VITAL INTERNATIONAL ISSUES UNQUOTE: QUOTE IN THIS CONTEXT THE TWO PRIME MINISTERS RECALLED THE IMPORTANCE THEY ATTACHED TO THE FORTHCOMING CSCE REVIEW MEETING IN MADRID. THEY EXPRESSED THE HOPE THAT THIS MEETING WOULD CONDUCT AN ALL ROUND REVIEW OF IMPLEMENTATION OF THE HELSINKI FINAL ACT AND REACH AGREEMENT ON A MANDATE FOR NEGOTIATION OF NEW CONFIDENCE BUILDING MEASURES WHICH WOULD GENUINELY ENHANCE SECURITY IN EUROPE. UNQUOTE.

K. PARAGRAPH 21: AGREED.

3. (ATHENS FOR FERGUSSON). WE SEE THE CASE FOR INCLUDING A REFERENCE IN THE PRIME MINISTER'S SPEECH TO HMG'S REFUSAL TO TOLERATE TERRORISM ALONG THE LINES SUGGESTED AT THE END OF PARAGRAPH 2(1) OF TELEGRAM UNDER REFERENCE. BUT THE SPEECH IS ALREADY FULSOME ABOUT ANGLO-YUGOSLAVE REALTIONS AND THE VALUE WE PLACE ON YUGOSLAVIA'S INDEPENDENCE. IF THE PRIME MINISTER WISHES TO ADD SOMETHING THE FOLLOWING MIGHT COME IN THE FOURTH PARAGRAPH AFTER QUOTE NON ALIGNED ROLE IN WORLD AFFAIRS UNQUOTE. BEGINS AS I MADE CLEAR IN MY DISCUSSIONS WITH YOU TODAY, HMG WILL NOT CONDONE ANY ATTEMPT TO UNDERMINE YUGOSLAV UNITY ENDS. THIS HAS THE ADVANTAGE OF EMBRACING SOVIET AS WELL AS CROATIAN EMIGRE ATTEMPTS TO UNDERMINE YUGOSLAVIA.

CARRINGTON

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TO IMMEDIATE ATHENS

TELEGRAM NUMBER 170 OF 23 SEPTEMBER

INFO IMMEDIATE BELGRADE

FOR FERGUSSON WITH PRIME MINISTER'S PARTY:

PRIME MINISTER'S VISIT TO YUGOSLAVIA:

COMMERCIAL MATTERS: BATTISCOMBE'S MINUTE OF 19 SEPTEMBER.

1. FOLLOWING ARE POINTS TO MAKE AND ESSENTIAL FACTS ABOUT IMPENDING CONTRACTS WHICH DOT/DOI HAVE BROUGHT TO OUR ATTENTION.

POINTS TO MAKE

HEAVY DUTY TYRE FACTORY, SUVA REKA (DUNLOP)

BRITISH COMPANIES HAVE WIDE EXPERIENCE IN THIS FIELD. DUNLOP'S PROCESS IS A GOOD ONE. HOPE BRITISH BID WILL BE SUCCESSFUL.

INTERNATIONAL COMPUTERS LTD.

HOPE ICL'S EFFORTS TO ESTABLISH COOPERATION AGREEMENT FOR LICENSED MANUFACTURE IN CROATIA AND ELSEWHERE WILL BE LOOKED AT POSITIVELY.

BRITISH AEROSPACE (IF RAISED)

PLEASED HS 748 AIRCRAFT IS BEING EVALUATED BY BOTH CIVIL AND MILITARY AUTHORITIES. PLEASED TO TAKE NOTE OF ANY COMMENTS YUGOSLAVS MAY HAVE.

ESSENTIAL FACTS.

SUVA REKA

CONSORTIUM LED BY DUNLOP HAS ALL BUT LANDED CONTRACT TO BUILD AND EQUIP A TYRE FACTORY AT SUVA REKA IN THE KOSOVO. BUT YUGOSLAVIA'S CUTS IN INVESTMENT MAY DELAY THE PROJECT. IN THE MEANTIME THERE IS STILL STRONG COMPETITION FROM USA, JAPAN, FRANCE, FRG AND ITALY.

ICL.

ICL'S NEGOTIATIONS ARE NOW AT THE DETAILED PROPOSALS STAGE. THEY HOPE FOR FINAL AGREEMENT BY DECEMBER 1980. BUT THERE IS STILL STRONG COMPETITION FROM US, FRG AND JAPAN.

HS 748.

BRITISH AEROSPACE DEMONSTRATED THE HS 748 IN YUGOSLAVIA EARLY IN SEPTEMBER. THE YUGOSLAVS THEN SUGGESTED THEY MIGHT RAISE THE POSSIBILITY OF BUYING THE PLANE DURING THE PRIME MINISTER'S VISIT THOUGH IS IS NOT CLEAR WHY THEY SHOULD DO SO.

CARRINGTON

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LLG 777/23

FDW G 152/23

OO ATHENS
PP BELGRADE
GRS 241

IMMEDIATE

CONFIDENTIAL

FM FCO 231730Z SEPTEMBER 1980

TO IMMEDIATE ATHENS

TELEGRAM NUMBER 169 OF 23 SEPTEMBER

INFO PRIORITY BELGRADE

FOR FERGUSSON WITH PRIME MINISTER'S PARTY: YUGOSLAV BALANCE OF
PAYMENTS LOAN: TELECON BATTISCOMBE-FERGUSSON

1. FOLLOWING IS PRESENT STATE OF PLAY.

2. A MEETING IN PARIS ON 15 SEPTEMBER (IN MARGINS OF G10
MEETING) TO DISCUSS GOVERNMENT ATTITUDES TO YUGOSLAV EFFORTS TO
RAISE FURTHER CREDITS, WAS ATTENDED BY TREASURY REPRESENTATIVES
OF UK, US, FRG, FRANCE, JAPAN, ITALY, AUSTRIA AND SWITZERLAND,
AS WELL AS IMF REPRESENTATIVE. IT SEEMS THERE WAS GENERAL
AGREEMENT THAT YUGOSLAVS SHOULD BE LEFT TO DEAL DIRECTLY WITH
BANKS AND THAT THERE WAS NO NEED FOR GOVERNMENTS TO GET
INVOLVED, EXCEPT TO SHOW 'SUPPORTIVE GOOD WILL'. THIS OF COURSE
HAS ALWAYS BEEN OUR ATTITUDE BUT IT MEANS THAT FRENCH AND
GERMANS HAVE ALSO NOW COME ROUND TO OUR VIEW.

3. BOGOEV, GOVERNOR OF THE NATIONAL BANK OF YUGOSLAVIA, WAS
IN LONDON ON 18 SEPTEMBER TO ADDRESS A MEETING OF 40 US, JAPANESE,
CANADIAN AND BRITISH BANKS WHO MAY TAKE PART IN A JOINT CONSORTIUM
LOAN. ACCORDING TO BANK OF ENGLAND, BOGOEV EMERGED FROM THIS
MEETING EUPHORIC ABOUT PROSPECTS THAT THIS LOAN WOULD BE AS MUCH
AS DOLLARS 500 MILLION THIS YEAR OF WHICH BRITISH BANKS WOULD
CONTRIBUTE DOLLARS 100 MILLION. BUT BANKERS THEMSELVES SEEM
TO HAVE BEEN RATHER MORE CAUTIOUS. ONE GOOD POINT AT LEAST
IS THAT YUGOSLAVS NOW SEEM TO HAVE ACCEPTED THAT THEY CANNOT
DEAL WITH BANKS BILATERALLY.

CARRINGTON

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TO PRIORITY FCO
TELEGRAM NUMBER 253 OF 23.9.80
INFO PRIORITY ANKARA, NICOSIA, UKDEL NATO

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MAJ

PRIME MINISTER'S VISIT: GREECE-NATO, CYPRUS AND TURKEY

1. FOLLOWING IS TEXT OF PASSAGES FROM THE PRIME MINISTER'S
SPEECH AT DINNER GIVEN BY THE GREEK PRIME MINISTER ON
22 SEPTEMBER.

" IF WESTERN EUROPE, SO OFTEN THE SCENE OF CONFLICT IN THE
PAST, LOOKS TODAY LIKE A HAVEN OF PEACE IN A TROUBLED WORLD,
IT IS BECAUSE OF THE SECURITY AND STRENGTH WHICH THE WESTERN
DEMOCRACIES HAVE FOUND IN NATO. IF WE REMAIN UNITED, WE SHALL
REMAIN FREE AND AT PEACE. SO IT IS ALL THE MORE DISTURBING TO
FRIENDS OF GREECE THAT PROBLEMS REMAIN UNSOLVED WHICH WEAKEN
THE COHESION OF THE ALLIANCE AT ITS SOUTHERN FLANK. IT IS OF
THE HIGHEST IMPORTANCE THAT GREECE RETURNS SOON TO THE MILITARY
STRUCTURE OF NATO. WE ALL WANT YOU BACK IN - URGENTLY. A SOLUTION
IS ESSENTIAL, BOTH FOR GREECE'S SAKE AND FOR THAT OF THE REST
OF US IN THE ALLIANCE."

"BEFORE I TURN TO OTHER MATTERS, IT IS RIGHT THAT I SHOULD
MENTION CYPRUS - AN ISSUE THAT HAS BOTH UNITED AND DIVIDED
US IN THE PAST. WE, LIKE YOU, HAVE A KEEN AND DIRECT INTEREST
IN THE STABILITY OF THE EASTERN MEDITERRANEAN. I KNOW THAT
YOU WILL WELCOME, AS I DO, THE RESUMPTION OF THE INTERCOMMUNAL
TALKS IN NICOSIA. IT IS ONLY IF BOTH COMMUNITIES CAN FIND A
WAY OF LIVING TOGETHER THAT HARMONY CAN BE RESTORED TO THAT
UNHAPPY ISLAND".

" LIKE YOU ALSO, WE HAVE FOR LONG BEEN ACUTELY CONCERNED BY
THE ECONOMIC AND POLITICAL PROBLEMS OF OUR COMMON ALLY, TURKEY.
IT IS MY HOPE THAT THE RECENT DRAMATIC CHANGES WILL ENABLE
ORDER AND STABILITY TO BE RESTORED AND THE PROMISE OF A FULL
RETURN TO DEMOCRACY TO BE HONOURED. THOSE SINCERELY TRYING TO
ACHIEVE THIS HAVE OUR UNDERSTANDING. A STABLE, PROSPEROUS AND
DEMOCRATIC TURKEY IS IN THE INTERESTS OF US ALL."

SUTHERLAND
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TO IMMEDIATE ATHENS
TELEGRAM NUMBER MODEV 2 OF 23 SEPTEMBER
INFO BELGRADE

FOLLOWING BACKGROUND INFORMATION ON UNESCO GENERAL CONFERENCE FOR PRIME MINISTER.

THE UNITED NATIONS EDUCATIONAL, SCIENTIFIC AND CULTURAL ORGANISATION (UNESCO) GENERAL CONFERENCE IS USUALLY HELD EVERY 2 YEARS. IT IS THE SOVEREIGN BODY OF UNESCO CONSISTING OF REPRESENTATIVES OF ALL 152 MEMBER STATES AND DECIDES UNESCO'S PROGRAMME UNTIL THE NEXT CONFERENCE. THE 21ST GENERAL CONFERENCE, BELGRADE 23 SEPTEMBER - 28 OCTOBER 1980, WILL CONSIDER THE PROGRAMME FOR THE NEXT 3 YEARS (THIS IS EXCEPTIONAL AND DESIGNED TO BRING NEXT UNESCO GENERAL CONFERENCE INTO PHASE WITH FAO ETCETERA AFTER OPENING PLENARY SESSION CONFERENCE WILL DIVIDE INTO COMMISSIONS TO DEAL WITH EDUCATION, NATURAL SCIENCES, SOCIAL SCIENCES, CULTURE AND COMMUNICATION, AND GENERAL MATTERS RESPECTIVELY.

2. THE UK DELEGATION IS LED BY PETER BLAKER. (MR BLAKER WILL BE IN BELGRADE FROM 28 TO 30 SEPTEMBER) FOR REMAINDER OF CONFERENCE WHICH LASTS FROM 23 SEPT TO 28 OCT LEADER IS D.J.KIRKNESS FORMER DEPUTY SECRETARY ODA AND NOW UK EXECUTIVE BOARD MEMBER. DELEGATION INCLUDES MEMBERS OF UNITED KINGDOM NATIONAL COMMISSION FOR UNESCO. EXAMPLES ARE TOM MARGERISON AND LORD VAIZEY.

3. ESPECIALLY SENSITIVE ISSUES TO BE CONSIDERED BY THE CONFERENCE INCLUDE UNESCO'S CONTRIBUTION TO THE NEW INTERNATIONAL ECONOMIC ORDER: ITS CONTRIBUTION TO PEACE AND HUMAN RIGHTS: ITS ROLE IN GENERATING A CLIMATE OF PUBLIC OPINION CONDUCIVE TO HALTING THE ARMS RACE: THE REPORT OF THE INTERNATIONAL COMMISSION FOR THE STUDY OF COMMUNICATION PROBLEMS (THE MACBRIDE COMMISSION) RAISING CONTROVERSIAL ISSUES OF PRESS FREEDOM, MAINLY AS AN EAST/WEST ISSUE: THE FOLLOW-UP TO THE RECENT COMMUNICATION PLANNING CONFERENCE: THE STATUS OF THE ARTIST: EDUCATIONAL AND CULTURAL INSTITUTIONS IN OCCUPIED ARAB TERRITORIES. UK AND OTHER WESTERN COUNTRIES WISH TO STABILIZE BUDGET IN REAL TERMS AND RESIST AMBITIOUS PROPOSALS OF DIRECTOR-GENERAL M'BOW FOR EXTENSION OF PARIS HEADQUARTERS.

CARRINGTON

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LLG 358/23

OO BELGRADE

PP FCO

PP UKMISS NEW YORK

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CONFIDENTIAL

FM ATHENS 231830Z SEP

TO IMMEDIATE BELGRADE

TEL NO 11 OF 23 SEPT 80

AND TO PRIORITY FCO AND NEW YORK

PRIME MINISTERS VISIT TO YUGOSLAVIA: UNESCO CONFERENCE
THE PRIME MINISTER HAS BEEN CONSULTED ABOUT THE PROPOSAL IN
FCO TEL 168 THAT SHE MIGHT ADDRESS THE UNESCO GENERAL CONFERENCE.
SHE AGREES THAT THIS INVITATION SHOULD BE DECLINED IN THE TERMS
SUGGESTED.

SUTHERLAND

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File No.

OUTWARD

Security Classification

CONFIDENTIAL

Department

TELEGRAM

Precedence

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Drafted by
(Block Capitals)

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REPEATED TO (for info) PRIORITY FCO AND UKMIS NEW YORK

SAVING TO (for info)

Distribution:-

[TEXT]

PRIME MINISTERS VISIT TO YUGOSLAVIA: UNESCO CONFERENCE

The Prime Minister has been consulted about the proposal in FCO tel no 168 that she might address the UNESCO General Conference. She agrees that this invitation should be declined in the terms suggested.

END

Copies to:-

LLG 774/23

FDW G 116/23

OO ^ATHENS

PP BELGRADE

GRS 150

CONFIDENTIAL

FM FCO 231530Z SEP 80

TO IMMEDIATE ATHENS

TELEGRAM NUMBER 168 OF 23 SEPTEMBER

INFO PRIORITY BELGRADE UKMIS NEW YORK (PRIVATE SECRETARY)

FOR ALEXANDER FROM LEVER

PRIME MINISTER'S VISIT TO YUGOSLAVIA: UNESCO CONFERENCE

1. ON INSTRUCTIONS FROM M'BOW, UNESCO'S DIRECTOR GENERAL, UNESCO'S EUROPEAN DIRECTOR HAS ASKED HM EMBASSY BELGRADE IF THE PRIME MINISTER COULD ADDRESS THE UNESCO GENERAL CONFERENCE WHICH OPENS IN BELGRADE ON 23 SEPTEMBER.

2. WE SEE NO (REPEAT NO) REASON TO ADVISE THE PRIME MINISTER TO AGREE TO THIS WHICH WOULD IN ANY CASE BE VERY DIFFICULT TO FIT INTO HER PROGRAMME. WE THEREFORE RECOMMEND THAT HM EMBASSY BELGRADE SHOULD BE INSTRUCTED TO DECLINE THE INVITATION POLITELY POINTING OUT THAT THE PRIME MINISTER'S VISIT TO BELGRADE IS PURELY BILATERAL, THAT HER PROGRAMME IS VERY TIGHT AND THAT MR BLAKER WHO IS THE OFFICIAL LEADER OF THE BRITISH DELEGATION WILL BE ADDRESSING THE CONFERENCE ON 30 SEPTEMBER.

CARRINGTON

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AMEND CALLOUT TO READ PP BELGRADE

CONFIDENTIAL

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF GREECE AT THE MINISTRY OF FOREIGN AFFAIRS IN ATHENS ON TUESDAY, 23 SEPTEMBER 1980 AT 0950

Present:

Prime Minister	Mr. G. Rallis
H.E. Mr. I.J.M. Sutherland	Mr. A. Averoff
Mr. E.A.J. Fergusson	Mr. C. Mitsotakis
Mr. M.O'D.B. Alexander	Mr. B. Theodoropoulos
Mr. B. Ingham	Mr. S. Roussos
Mr. T.L.A. Daunt	Mr. E. Lagakos
Mr. M.J. Llewellyn Smith	Mr. A. Sekeris
Mr. N.J. Sanders	Mr. D. Papaioannou
Mr. D.J.M. Dain	Mr. Spyridakis
	Mr. S. Adamopoulos
	Mr. G. Helmis

* * * *

East/West Relations

The Prime Minister said that, although there might be rough parity between the United States and the Soviet Union over ICBMs, the latter had a clear advantage in medium-range missiles and conventional forces. It was essential to maintain the military strength of NATO. But, even if this was done, the Soviet Union was getting under NATO's guard in South East Asia, the Middle East, Africa and the Caribbean. Constant vigilance was required. Both at the Madrid Conference and more generally, it must be brought home to the Soviet Union that the continued occupation of Afghanistan was unacceptable and that normal relationships would not be resumed whilst the occupation continued. Although a major uncertainty existed over the attitudes likely to be adopted by the next generation of leaders in the Soviet Union, the West had a considerable advantage through the fact that events in Afghanistan had brought it home to the non-aligned that it was only the West which willingly recognised the right of the developing world to choose its own destiny.

/ Mr. Rallis

Mr. Rallis, agreeing with the Prime Minister's general analysis, said that President Karamanlis had made it clear to Mr. Kosygin that the demand that NATO should abandon TNF modernisation was inadmissible. The West must be resolute on that point. But, in the context of the Madrid meeting, it was not realistic to insist on full implementation of Basket 3; the implication of full implementation involved undermining the Communist regimes. This was the dilemma which President Carter had faced. The answer might lie in private organisations taking on the responsibility, without Western Governments being obliged to make compromises of principle. Mr. Averoff said that he thought it essential that those Western countries which had the resources to do so should analyse motives on the Soviet side. The major effort in the defence field was not accidental; there must be an underlying plan. His own feeling was that the Soviet Union might be preparing for a new Yalta, which would be concerned with raw materials rather than territory. The military strength of the Soviet Union would enable it to impose its will.

The Prime Minister said that she had never doubted that the long-term objective was world domination by one means or another. A crisis of confidence might, however, be approaching on the Soviet side since the doctrines of Marxism were seen to have turned out to be morally and politically bankrupt as well as economically unsuccessful.

Balkans

Mr. Rallis referred to Greek attempts to establish a closer relationship with the other countries of the Balkans, saying that Bulgaria had used delaying tactics on Soviet instructions. Considerable success had nonetheless been achieved in establishing a close relationship with Yugoslavia. This included consultations on defence matters at both the Ministerial and the general staff levels. The Yugoslavs knew that if they were attacked any help they got would have to come via Greece. They were consequently interested in the firm attachment of Greece to the Western defensive system.

The Prime Minister interjected that she understood that the Greek Government were concerned about the possible implications of her visit to Skopje. The visit was being made solely because she

wished to make a visit outside Belgrade and there was a particular British connection with Skopje following the aid given after the earthquake disaster. Mr. Rallis said that he had no doubt of the intentions of the British Government but had good reason to have doubts about those of the Yugoslavs. There was an evident intention to use distinguished foreign visitors to create the impression that there was a Macedonian people, rather than a mere geographic entity, parts of which were in Greece, Yugoslavia and Bulgaria. The fact that the Socialist Republic of Macedonia was one of seven Yugoslav republics, and was the poorest amongst them, could lead to complications.

Greece/Turkey

Mr. Mitsotakis detailed the history of Greece's departure from the military structure of NATO in 1974 and the domestic political background in Greece. The Greek Government wished to rejoin despite the fact that Turkish occupation of Cyprus, the reason for which Greece had left, continued. Following the Greek application to rejoin in 1977, the basic agreement had been drawn up between Generals Haig and Davos. But Turkey had vetoed the arrangement. Greece wished to return to the state of affairs which had obtained in 1974; she could not be expected to pay a price and the suggestion was indeed politically unacceptable in Greece. Any change to the previous arrangements would necessitate ratification by the Greek Parliament, involving a vote by "reinforced majority". The Government did not command such a majority in Parliament. It was regrettable that, at a time when the NATO allies had been saving the Turkish economy from bankruptcy, Turkey had been permitted to damage NATO by blocking Greek re-entry. With the change of regime in Turkey, it remained to be seen what progress could be made. The Greek Government had made it clear that they were prepared to continue the dialogue which he himself had opened during the NATO meeting in Ankara in June. It would be helpful if the NATO allies signalled to the new Turkish Government that they expected to see an early settlement. On such a settlement depended the future of the United States bases in Greece. If such a settlement was not obtained, the Greek Government would be obliged to withdraw their request for re-integration and proceed to the closure of U.S. bases in Greece; the implications were clearly serious. Mr. Averoff said that the

existence of U.S. bases in Greece depended directly on Greek re-integration into NATO.

The Prime Minister said that she regarded Greek re-integration as of first importance to the defence of the West. Greece was vital to the Alliance, as was Turkey. She was not familiar with the details of the exchanges with SACEUR but nonetheless supported his efforts fully. Mr. Rallis said that, unlike the Turkish action over the U.S. arms embargo, Greece had never attempted to blackmail her allies. But, ahead of elections next year, the problem of re-integration into the military structure of NATO had to be settled within a very few months. National pride was closely engaged. There was a real danger that the Opposition would exploit the situation. And no agreement over U.S. bases other than a NATO one was acceptable. Financial help to Turkey should be conditional on a flexible policy over Greek re-integration.

Mr. Averoff said that it would only be honest to admit that Greek attitudes stemmed in part from the deep conviction of many Greeks that the underlying Turkish ambition was to assert sovereignty over half the Aegean and annex those Greek islands which lay near the Turkish mainland. The evidence of such ambition was substantial. Answering a question, he said that, in all the exchanges with General Haig and General Rogers, no real progress had been made. There had been presentational advances but no real progress. Indeed, the course of the negotiations had revealed Turkey's long-term ambitions in the Aegean. With such matters involved, there was very little margin for manoeuvre on the Greek side.

The Prime Minister said that she fully understood the political and Parliamentary difficulties, as well as the fact that Greek national pride was engaged. But abandonment of the Greek Government's present policies would be a major victory for their opponents on the Left and would weaken NATO disastrously. That should not be allowed. She was grateful to have had a full explanation of Greek views. It was very important that the temperature of discussion should be kept down whilst the new Turkish Government formulated its policies. This should be borne in mind in the context of the NATO exercises planned for the next few months. And Greece's real interests should not be lost sight of. Mr. Rallis said that he agreed. But the dangers of a backlash amongst Greek opinion against NATO and the West

in general should not be underestimated. His Government had already accepted a formula proposed by General Rogers which would lay them open to damaging attack by the Greek Opposition. But even that formula was not acceptable to the Turkish side.

Cyprus

Mr. Rallis said that he thought that the Cyprus problem was less difficult to solve than the problems of the Aegean. He had hopes that the first phase of an agreement might be reached through a deal involving the return of Varosha to the Greek Cypriots in return for the lifting of the economic blockade on the Turkish Cypriots. All would depend on the instructions given by the new Turkish regime to Mr. Denktash. Although the Greek Government could do no more than advise the Cyprus Government, Mr. Denktash's regime took its orders from Ankara. The Prime Minister agreed that hopes should be pinned on the inter-communal talks.

Commercial Relations

The Prime Minister said that she wished to assure Mr. Rallis that she had taken a close personal interest in the efforts being made to conclude an agreement for a coal-fired power station. She had ensured that the best possible terms were available to Greece. Mr. Rallis said that he too wished to reach a conclusion satisfactory both to Britain and to Greece. He had given appropriate instructions to the Minister for Co-ordination. The decision was not however for the Greek Government, although they would do all they could to influence it.

Ant.
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23 September 1980

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME MINISTER OF GREECE AT THE MINISTRY OF FOREIGN AFFAIRS IN ATHENS ON MONDAY 22 SEPTEMBER 1980 AT 1830

Present:

- | | |
|--------------------------|-----------------------|
| Prime Minister | Mr. G. Rallis |
| Mr. I.J.M. Sutherland | Mr. C. Mitsotakis |
| Mr. B. Ingham | Mr. B. Theodoropoulos |
| Mr. M.O'D.B. Alexander | Mr. S. Roussos |
| Mr. N.J. Sanders | Mr. E. Lagakos |
| Mr. E.A.J. Fergusson | Mr. A. Sekeris |
| Mr. T.L.A. Daunt | Mr. D. Papaioannou |
| Mr. D.J.M. Dain | Mr. Spyridakis |
| Mr. M.J. Llewellyn Smith | Mr. S. Adamopoulos |
| | Mr. G. Helmis |

* * * * *

After welcoming the Prime Minister to Athens, Mr. Rallis said that he had noted with approval that, after a difficult period lasting some years, the British Government was once more adopting a determined stance in foreign affairs; he mentioned the settlement of the Rhodesian problem and policy over Afghanistan in particular. The Prime Minister, thanking Mr. Rallis said that instability was more widespread in the world than had been anticipated in the mid-1970s. This state of affairs made the strengthening of Western Europe as an area of political stability all the more important. Whilst strengthening the European Community by Greece's accession, it was essential not to neglect defence, being resolute in cooperating and having the necessary capacity and determination to defend the members of the Western Alliance.

European Community

Mr. Rallis said that Greece had joined the EC for political reasons. The economic reasons were secondary but important, since political freedom was not in practice possible without economic freedom. Greece's priority in the Community would be to work for greater flexibility and greater speed in decision making. Progress

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on these matters was needed in advance of the next enlargement. The Prime Minister said that the major problems for the immediate future were the restructuring of the Community's budget and the future of the Common Agricultural Policy. Some members, including the United Kingdom, took the view that there was no sense in building agricultural surpluses not needed within the Community and then trying to sell them off in ways that adversely affected the economies of other countries. The Commission had until June to produce ideas but there was no real prospect of their being able to meet that timetable. With regard to enlargement, progress should be maintained; the political imperative remained; Spain and Portugal must be helped to strengthen the democratic regimes established only in the mid-1970s.

Mr. Rallis stressed the importance for Greece of improved arrangements for Mediterranean products and referred to the difficulties which France and Italy would encounter over Spanish accession to the Community. A case which was already difficult on economic and commercial grounds was made even more difficult to handle by the fact that the left wing parties sniped at the Government, alleging that national interests were being sacrificed in the Community. The same problem obtained for Greece. And a particular problem had arisen as a result of suggestions being made in Brussels that the quota of 15% in the Regional Fund proposed for Greece should be reduced. The figure of 15% had been suggested by the Commission and had been used during the accession negotiations, Greece making concessions in other fields on the assumption that she would receive that quota. Mr. Theodoropoulos said that it was reported from Brussels that the United Kingdom was suggesting that the Greek quota should be only 8%. The Prime Minister said that she understood that the matter had not yet been considered by Ministers, being still in the hands of the Commission. She would be glad to study a note on the matter if Mr. Rallis cared to provide one.

Middle East

Replying to questions, the Prime Minister explained the background to M. Thorn's mission to the Middle East, stressing that

/ the Nine

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the Nine took the view that it was essential to secure simultaneous action over Israeli recognition of the right of the Palestinians to determine their own future and Palestinian recognition of Israel's right to exist behind secure borders. The Nine were attempting to fill a vacuum which would otherwise exist over the period of the US Presidential elections. Detailed work on the follow-up to M. Thorn's mission remained to be done. And there was as yet no decision on how to carry matters forward once M. Thorn himself assumed the Presidency of the Commission.

Mr. Rallis said that he regarded it as very important to provide President Sadat with all possible support. His fall would be a catastrophe for the West. It was evidently necessary to deal with the PLO, despite that organisation's history of terrorism. During the discussions he had had with Mr. Qaddumi in February, he had had the strong impression that simultaneous action over recognition was not ruled out and that the PLO would be glad to see the Nine attempting mediation on the issue. The Prime Minister agreed that President Sadat should be supported: his courage and the quality of his leadership excited great admiration in Britain. Israeli action over the status of eastern Jerusalem had increased his problems. The attitude adopted by the Nine seemed to have helped. Although some of the Arabs maintained that an Israeli gesture over Jerusalem was essential if real negotiation was to be resumed, the Prime Minister herself thought that a measure of progress over the West Bank might be slightly less difficult to achieve. She had asked a number of Arab leaders whether a West Bank State would become an instrument of the Soviet Union. They had contended that it would not. Such a State would be almost wholly dependent on Arab financing and would receive the funds which now went to the PLO. The effect on Palestinian opinion would be substantial and a major reduction in the PLO's ties with the Soviet Union could be expected.

The discussion ended at 1930.

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29 September 1980

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RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRIME
MINISTER OF GREECE, MR. GEORGE RALLIS, IN ATHENS ON 22 SEPTEMBER
1980 AT 1800 HOURS

Present:

Prime Minister	H.E. Mr. Rallis
H.E. Mr. Ian Sutherland	H.E. Mr. Lagakos
Mr. M.O'D.B. Alexander	

* * * * *

Power Station

The Prime Minister said that she had just been discussing the present situation on the negotiations about the power station contract. She had given her people some extra authority on the basis of which they were trying to work out improvements in the British proposal. She hoped that it would be possible to go some way towards the Greek position on the question of the power station. Mr. Rallis said that he himself had looked into the problem very carefully. He had made a major effort to clear the difficulties out of the way before the Prime Minister's arrival. But there were still problems about the delivery of coal. He was concerned that the present proposals would lead his Government into major difficulties with the Opposition. His Government were trying to find a way out. It was not easy. He added that it would in any case be necessary for Greece's national power company to be left to decide on its own whether or not to accept the British proposal. The Government could not be seen publicly to interfere with their decision.

The European Community

The Prime Minister said that she had just returned from a Summit Meeting with President Giscard. She thought that more was achieved at bilateral meetings between European leaders than at the Summits of the Nine. The recent difficulties which the United Kingdom had been experiencing with France had grieved her. The French media handling of the Budget settlement had not been helpful to President Giscard and M. Barre. Although France had made considerable gains in that

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settlement, e.g., in getting agricultural prices fixed and in securing a sheepmeat agreement, and although the United Kingdom remained the second biggest contributor to the Community Budget, the outcome had been presented by the French Press as a defeat for the French Government. The Prime Minister said that she had gone to France determined that the two countries should put their recent difficulties behind them. She considered that considerable strides had been made in restoring amity. This was not, of course, intended to weaken existing Franco/German ties which she welcomed. Greece was going to join the Community in a more harmonious atmosphere than had prevailed recently.

Mr. Rallis said that Greece was joining the Community with great hopes. He attached importance to membership as much for political as for economic reasons. It would be a demonstration that Greece was accepted into the ranks of the Western democracy. The military dictatorship had left bitter feelings in Greece. People blamed the West for supporting the Colonels. No-one believed that the coup which had put the Colonels in power had been justified. The situation in Greece had been quite different from that which now prevailed in Turkey. Although the Soviet bloc had in fact done more business with the military dictatorship than the West, it was the West who were given the responsibility for keeping the Colonels in power. The Left in Greece still exploited the bitterness left over from the previous era.

The Turkish seizure of part of Cyprus had also left scars. The failure of the United States to intervene in 1974 was, no doubt, to be explained by the pre-occupation of the American Government with Watergate. But the Left accused the Americans of protecting the Turkish invaders. The present situation had lasted six years. It was to be hoped that the talks which had just begun in Cyprus would make some progress, but the chances were not high. Clearly no serious pressure could be exerted on the present Turkish Government because the West could not afford to weaken their position. If the military failed, the result would be chaos. The West had lost its best opportunity five years previously. They had then shown too much leniency to the Turks. They should have been much tougher in imposing conditions on the assistance they had given to the Turks. They should also have insisted on a coalition between Mr. Ecevit and Mr. Demirel rather than allowing them to alternate. There was now no civilian option left. Civil war or a Leftist takeover seemed to

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be the only alternatives to the ~~Generals~~.

Finally, the West had missed an opportunity to tell the Turks that unless they settled the question of Greece's membership of NATO, they would receive ^{more} no money.

Bilateral Relations

The Prime Minister invited Mr. Rallis to visit London soon. Mr. Rallis accepted the invitation.

The discussion ended at 1820.

Ans

23 September 1980

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TO IMMEDIATE FCO

TELEGRAM NUMBER 270 OF 22/9/80

AND IMMEDIATE ATHENS.

PRIME MINISTER'S VISIT: JOINT STATEMENT

1. I BEGAN TODAY NEGOTIATION ON THE BASIS OF OUR TEXT AND SECURED AGREEMENT AD REFERENDUM ON THE MAJOR PART OF IT. FURTHER NEGOTIATION WILL HOWEVER BE NECESSARY OF SOME PARAGRAPHS AND I HAVE ARRANGED TO MEET AGAIN AT 1530 TO-MORROW TO CONTINUE.
2. DEALING WITH THE PARAGRAPHS IN OUR TEXT SERIATIM WE HAVE REACHED THE FOLLOWING POSITIONS:
 - (A) TITLE TO BE JOINT STATEMENT WITHOUT FURTHER QUALIFICATION,
 - (B) PARAGRAPHS 1,2 AND 3 AGREED,
 - (C) PARAGRAPH 4: THE YUGOSLAVS PREFER "THE PRIME MINISTER VISITED THE MAJOR STEEL MILL WHICH IS BEING BUILT AT SMEDEREVO WITH THE PARTICIPATION OF BRITISH INDUSTRY. DURING HER VISIT TO THE SOCIALIST REPUBLIC OF MACEDONIA MRS THATCHER HAD MEETINGS WITH THE SENIOR LEADERS OF THE REPUBLIC AND VISITED THE ORGANIC CHEMICAL INDUSTRY ENTERPRISE AT SKOPJE. SHE ALSO VISITED THE SOCIALIST REPUBLIC OF CROATIA AND THE CITY OF DUBROVNIK, WHERE SHE MET LEADING PERSONALITIES AND TOURED PLACES OF CULTURAL AND HISTORICAL INTEREST." THEY ARGUED IT WAS REPETITIOUS TO INCLUDE OUR SECOND SENTENCE. THE ADDITION TO OUR LAST SENTENCE WAS NECESSARY BECAUSE THE PRIME MINISTER OF CROATIA WILL NOW HOST THE LUNCH IN DUBROVNIK.
 - (D) PARAGRAPH 5 AGREED WITH THE ADDITION TO THE LAST SENTENCE OF THE PHRASE "BASED ON RESPECT FOR THE PRINCIPLES OF INDEPENDENCE, SOVEREIGNTY, TERRITORIAL INTEGRITY, NON-INTERFERENCE, EQUAL CO-OPERATION AND MUTUAL BENEFIT". THE YUGOSLAVS WOULD BE PREPARED TO SETTLE FOR THIS ADDITION INSTEAD OF A MUCH LONGER UMBRELLA FORMULA THEY SUBSTITUTED FOR THEIR EARLIER DRAFT,
 - (E) PARAGRAPH 6 AGREED,
 - (F) PARAGRAPH 7. AGREED WITH THE ADDITION IN THE LAST SENTENCE OF "AND IN ALL FIELDS" AFTER "LEVELS" AND THE REPLACEMENT OF "THE TWO" BY "THEIR",
 - (G) PARAGRAPH 8 AGREED,

(H)

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(H) PARAGRAPH 9. AGREED WITH THE ADDITION OF "THE TWO GOVERNMENTS WERE DETERMINED TO WORK TO THIS END." THE YUGOSLAVS' OBJECTIVE WAS TO SHOW OUR JOINT DETERMINATION AS DISTINCT FROM THE POSSIBILITY AFFORDED BY THE AGREEMENT TO EXPAND TRADE.

(I) PARAGRAPH 10. THE YUGOSLAVS CAN ACCEPT OUR REVISED FORMULA WITH THE IMPORTANT EXCEPTION OF THE QUALIFICATION OF ACTIVITIES AS "TERRORIST". THEY ARGUED STRONGLY THAT EMIGRE ORGANISATIONS IN BRITAIN UNDERTOOK ACTIVITIES WHICH WENT BEYOND PURELY POLITICAL BOUNDS. IN PARTICULAR THE CROATIAN NATIONAL CONGRESS HAD CALLED FOR THE DESTRUCTION OF YUGOSLAVIA BY ALL POSSIBLE MEANS. THE YUGOSLAV PUBLIC COULD NOT UNDERSTAND HOW A COUNTRY SUCH AS BRITAIN WHICH PUBLICLY SUPPORTED YUGOSLAVIA'S UNITY COULD PERMIT EMIGRES ORGANISATIONS TO ACT IN THIS WAY. THE YUGOSLAVS REITERATED THE SERIOUSNESS WITH WHICH THEY REGARDED THE CMC MEETING IN JANUARY, WHICH ALMOST PROVOKED A CRISIS IN OUR RELATIONS, AND SOUGHT SOME PUBLIC COMMITMENT BY BRITAIN NOT TO PERMIT SUCH ACTIVITIES. I EXPLAINED IT WAS NOT POSSIBLE FOR LEGAL AND CONSTITUTIONAL REASONS FOR HMG TO COMMIT ITSELF NOT TO PERMIT ACTIVITIES OF ANY DESCRIPTION WHICH THE YUGOSLAVS MIGHT REGARD AS UNFRIENDLY. WE CONSIDERED A REFERENDUM QUALIFYING "ACTIVITIES" BY EITHER "ANY SUCH" OR "ANY CRIMINAL". I POINTED TO THE REFERENCES IN THE PRIME MINISTER'S SPEECH AT DINNER ON 24 SEPTEMBER TO THE VALUE WE PLACED IN THE "CONTINUING UNITY" OF YUGOSLAVIA. THE YUGOSLAVS SAID THEY WOULD APPRECIATE ANY STRENGTHENING OF THIS SENTIMENT WITH REFERENCE TO ANTI-YUGOSLAV TERRORISM. YOU MAY THINK THAT IT WOULD BE POSSIBLE TO INCORPORATE A REFERENCE IN THE SPEECH ON THE LINES OF BRIEF NO 11, IE "HMG WILL NOT TOLERATE TERRORISM AND WILL NOT CONDONE ANY ATTEMPT TO UNDERMINE YUGOSLAV UNITY".

(J) PARAGRAPH 11. DELETE "IN RECENT MONTHS" AS THE DETERIORATION IS OF LONGER DURATION. INSERT A NEW SECOND SENTENCE: "THEY EXPRESSED THEIR PARTICULAR CONCERN OVER THE ABSENCE OF A CONSTRUCTIVE INTERNATIONAL DIALOGUE AND A SERIOUS WEAKENING OF THE POLICY OF DETENTE". THEY WOULD LIKE TO ADD AT THE END OF THE PRINCIPLES IN OUR SECOND SENTENCE "AND EQUAL CO-OPERATION" PROVIDED THIS PHRASE AND OUR PHRASE ABOUT THE INADMISSIBILITY OF THE THREAT OR USE OF FORCE BOTH APPEAR EITHER IN THE UN CHARTER OR THE FINAL ACT AS MAINTAINED IN OUR LAST SENTENCE. THEY WOULD LIKE TO ADD A NEW FINAL SENTENCE:
"THEY EMPHASISED THEIR CONVICTION THAT DETENTE IS INDIVISIBLE AND THAT IT SHOULD BE EXTENDED TO ALL REGIONS AND ENCOMPASS THE SOLUTION OF ALL VITAL INTERNATIONAL ISSUES".

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(K)

(K) THE YUGOSLAVS PREFERRED TO REPLACE YOUR PARAGRAPHS 12 TO 15 WITH A SINGLE GENERAL PARAGRAPH ON THE LINES OF THAT IN THEIR ORIGINAL DRAFT AS FOLLOWS:

"THEY EXCHANGED VIEWS ON THE MOST IMPORTANT CRISIS AREAS, PARTICULARLY CENTRAL ASIA, THE MIDDLE EAST, SOUTH EAST ASIA AND SOUTHERN AFRICA. THEY AGREED THAT, IN THE INTERESTS OF WORLD PEACE, IT WAS ESSENTIAL TO FIND URGENT, JUST, COMPREHENSIVE AND LASTING SOLUTIONS FOR THESE CRISIS AREAS ON THE BASIS OF UNITED NATIONS RESOLUTIONS AND THE RIGHTS OF PEOPLES TO FREEDOM, INDEPENDENCE, SELF-DETERMINATION, SECURITY AND INDEPENDENT INTERNAL DEVELOPMENT." THEY ARGUED IT WAS WRONG TO SINGLE OUT PARTICULAR CRISES BECAUSE THEIR VIEWS WERE NOT IDENTICAL WITH OURS ON ALL POINTS. THEY WOULD THEREFORE HAVE TO REGISTER DISAGREEMENT, WHERE NECESSARY, BY USING THE FORMULA, "THE BRITISH PRIME MINISTER EXPRESSED THE VIEW THAT..... AND "THE YUGOSLAV PRIME MINISTER EXPRESSED THE VIEW THAT.....". THEY PREFERRED TO AVOID HIGHLIGHTING DIFFERENCES IN THIS WAY.

(L) PARAGRAPH 16. AGREED.

(M) PARAGRAPH 17. THEY PREFERRED TO DELETE "PARTICULARLY IN ADJUSTING TO THE NEW LEVELS ON WORLD OIL PRICES" SINCE THERE WERE OTHER FACTORS AND THEY MUST EITHER LIST ALL OR NONE. THEY WOULD LIKE TO ADD TO THE END OF THE LAST SENTENCE EITHER "AIMING AT THE ESTABLISHMENT OF THE NIEO" OR "AIMING AT INTERNATIONAL ECONOMIC RELATIONS WHICH WOULD BE BASED ON EQUAL CO-OPERATION AND COMMON INTERESTS." I POINTED TO THE DIFFICULTIES THE NIEO FEKLAVO A PRESENTED AND BELIEVE THEY WOULD SETTLE FOR THE ALTERNATIVE FORMULA.

(N) PARAGRAPH 18 CAUSED CONSIDERABLE DISCUSSION BUT THE YUGOSLAVS COULD PROBABLY ACCEPT THE FOLLOWING:

"THE TWO PRIME MINISTERS DEVOTED SPECIAL ATTENTION TO THE COMPLEX OF PROBLEMS CONCERNING DISARMAMENT. THEY AGREED THAT EFFORTS TO SECURE A REDUCTION AND LIMITATION IN THE PRESENT HIGH LEVEL OF ARMAMENTS OF ALL KINDS SHOULD CONTINUE. THEY REAFFIRMED THE COMMITMENT OF THE UNITED KINGDOM AND YUGOSLAVIA TO WORK FOR AGREEMENT ON EFFECTIVE AND VERIFIABLE MEASURES OF DISARMAMENT IN BOTH THE NUCLEAR AND CONVENTIONAL FIELDS IN EUROPE AND ELSEWHERE". THEY CANNOT ACCEPT REFERENCES TO "ARMS CONTROL" BECAUSE THEY DO NOT USE SUCH TERMINOLOGY AND SAY IT IS NOT USED IN UN DOCUMENTS. THEY SUBMITTED A MUCH LONGER PARAGRAPH WHICH BRISTLED WITH UNACCEPTABLE PHRASES AND I HOPE THEREFORE YOU CAN AGREE MY COMPROMISE VERSION AS THE LESSER OF TWO EVILS.

(O) PARAGRAPH 19 WAS NOT ACCEPTABLE AS DRAFTED BUT THE YUGOSLAVS WERE UNABLE TO AGREE AMONG THEMSELVES ON THE CHANGES WHICH THEY WISHED TO DISCUSS. THEY UNDERTOOK TO PROVIDE A DRAFT TO-MORROW FOR CONSIDERATION.

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(P) PARAGRAPH 20. AGREED.

(Q) PARAGRAPH 21. THE YUGOSLAVS ARE KEEN TO AVOID PROVOKING THE QUESTION AGAINST WHOM THE UNITED KINGDOM WAS SUPPORTING YUGOSLAVIA AND WOULD PREFER INSTEAD OF "FIRM SUPPORT" A PHRASE ON THE LINES OF THAT IN THE AFTER-DINNER SPEECH, IE "REAFFIRMED THE VALUE THE UK PLACED IN YUGOSLAVIA' INDEPENDENCE ETC", OR "REAFFIRMED THE UNITED KINGDOM'S HIGH RESPECT FOR ETC".

(R) PARAGRAPHS 22 AND 23. AGREED.

3. GRATEFUL FOR INSTRUCTIONS, IF NECESSARY BY TELEPHONE.

BOLLAND

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TO IMMEDIATE FCO

TELEGRAM NUMBER 269 OF 22/9/80
AND IMMEDIATE TO ATHENS

PRIME MINISTER'S VISIT.

1. I CALLED THIS MORNING AT MY REQUEST ON PRIME MINISTER DJURANOVIC TO DISCUSS THE PRIME MINISTER'S FORTHCOMING VISIT.
2. HAVING THANKED DJURANOVIC FOR THE EXCELLENT PREPARATIONS MADE FOR THE VISIT, I ASKED HIM IF THERE WERE ANY PARTICULAR SUBJECTS HE INTENDED TO RAISE WITH MRS THATCHER.
3. DJURANOVIC SAID THERE HAD NOT BEEN SUFFICIENT HIGH-LEVEL CONTACTS BETWEEN OUR TWO COUNTRIES. THE PRESENT VISIT WOULD TAKE PLACE IN A VERY DIFFICULT INTERNATIONAL SITUATION. IT WAS THEREFORE ESPECIALLY VALUABLE.
4. DJURANOVIC SAID THAT BILATERAL RELATIONS SHOULD COME FIRST, PARTICULARLY ECONOMIC CO-OPERATION. YUGOSLAVIA WOULD LIKE HER ECONOMIC RELATIONS WITH BRITAIN TO BE AS GOOD AS HER POLITICAL RELATIONS. HE HOPED THE TALKS WOULD SHED LIGHT ON ANY PROBLEM AREAS. HE REFERRED SPECIFICALLY TO THE FINANCIAL SUPPORT YUGOSLAVIA EXPECTED FROM BRITAIN AND BRITISH BANKS FOR HER STABILISATION PROGRAMME. TALKS WERE ALREADY UNDER WAY WITH BANKS. HE BELIEVED SUCH A BILATERAL APPROACH COULD GO HAND IN HAND WITH YUGOSLAVIA'S APPROACH TO AMERICAN AND CANADIAN BANKS.
5. TURNING TO INTERNATIONAL AFFAIRS, DJURANOVIC SAID HE WOULD WELCOME THE PRIME MINISTER'S IMPRESSIONS FROM HER RECENT VISITS TO FRANCE AND GREECE. HE EMPHASISED THE IMPORTANCE OF AN EXCHANGE OF VIEWS ON REVIVING DETENTE. YUGOSLAVIA HAD BEEN ENCOURAGED BY VARIOUS RECENT HIGH-LEVEL EAST/WEST DIALOGUES BUT THOUGHT THE CRISIS IN INTERNATIONAL RELATIONS HAD NOT BEEN OVERCOME. HE EXPRESSED PARTICULAR CONCERN ABOUT RECENT DEVELOPMENTS IN THE MIDDLE EAST. HE WELCOMED THE OPPORTUNITY TO HEAR MRS THATCHER'S VIEWS ON DISARMAMENT AND INF, MENTIONING PARTICULARLY THE OUTCOME OF CHANCELLOR SCHMIDT'S VISIT TO MOSCOW. OTHER SUBJECTS ON WHICH HE WOULD WISH TO INFORM THE PRIME MINISTER OF YUGOSLAVIA'S VIEWS WERE CSCE, WHERE HE WONDERED WHAT WAS THE OPTIMAL SATISFACTORY RESULT WHICH COULD BE EXPECTED IN THE PRESENT UNFAVOURABLE CIRCUMSTANCES, THE NON-ALIGNED MOVEMENT, AND YUGOSLAVIA'S RELATIONS WITH HER NEIGHBOURS AND WITH THE GREAT POWERS. IN CONCLUSION HE WOULD LIKE AN EXCHANGE OF VIEWS ON INTERNATIONAL ECONOMIC RELATIONS, WHERE HE RECOGNISED OUR VIEWS DIFFERED.
6. THANKING DJURANOVIC FOR THIS OUTLINE, I SAID AS REGARDS BILATERAL RELATIONS, IT WOULD BE USEFUL IF HE WOULD BE ABLE TO GIVE MRS THATCHER AN IDEA OF THE VOLUME OF FINANCIAL ASSISTANCE YUGOSLAVIA REQUIRED AND HOW THEY SAW THIS BEING CONTRIBUTED BY THE VARIOUS COUNTRIES APPROACHED. AS REGARDS INTERNATIONAL RELATIONS, I SAID MRS THATCHER WOULD BE PARTICULARLY INTERESTED TO HEAR DJURANOVIC'S VIEWS, ON THE EVE OF HIS VISIT TO INDIA, OF THE PART THE NON-ALIGNED COUNTRIES WOULD PLAY IN RESOLVING INTERNATIONAL PROBLEMS.

BOLLAND



10 DOWNING STREET

Prime Minister.

I attach

(a) a statement for use on arrival in Athens;

(b) a sentence in Greek which you could memorise on the aircraft (Mr Dault speaks Greek) - though I always find this kind of thing a little contrived;

(c) + (d) Toasts for me at Lunch + Dinner on Tuesday (no speeches).

Amul
- 2079

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STATEMENT TO PRESS ON ARRIVAL: 22 SEPTEMBER

It is with very real pleasure that I am making the first visit to Greece by a British Prime Minister since Mr. Macmillan came here in 1958. The interval has been far too long, given the very close ties between our two countries and the multitude of interests which we have in common. There is little need to speak of our mutual friendship: it is legendary. That it continues is shown by the warm welcome I have just received. I have come in the hope of strengthening it still further and showing the importance which I attach to Greece and to Greece's friendship for Britain on the eve of your entry to the European Community.

My visit is at the invitation of your Prime Minister. Mr. Karamanlis invited me when he came to London last year and Mr. Rallis was good enough to renew the invitation. The main business of the visit will be the talks with him and his colleagues and a meeting with President Karamanlis. These will be talks between friends, particularly useful in preparing the way for a close and harmonious working partnership in the European Community.

European affairs and the effects of Greece's accession on 1 January will, of course, be one of the important subjects we shall want to discuss while I am in Athens. I shall be

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stressing my Government's firm commitment to the Community and I shall be looking forward to hearing what ideas your Government has for improving and strengthening it.

I hope also to discuss with Mr. Rallis other international and regional issues of concern to us all in the West and to the NATO alliance in particular. I shall, for example, want to learn your Government's views on the implications of the Soviet invasion of Afghanistan. I hope that Mr. Rallis will bring me up-to-date over the question of renewed Greek participation in the military structure of NATO, to which we attach the greatest importance.

We shall, of course, be reviewing the full range of relations between our two countries. I shall want to see what possibilities exist for strengthening our trading links and to discuss how our industry - and our consumers - can draw most benefit from the changes which will follow from Greece's accession to the European Community.

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B

Χαίρω πολύ να είμαι μαζί σας σήμερα εδώ στην Ελλάδα

Hairo polí na ēēmé mazí sas sēēmera ethò steen Ellátha.

I am very happy to be with you today here in Greece.

15 SEP 1980



TOAST: LUNCH WITH PRESIDENT KARAMANLIS: 23 SEPTEMBER

Mr President

I recall with pleasure our earlier meetings: the first when I was in opposition: then, in October of last year when I was able, as Prime Minister, to welcome you to London.

Your experience and knowledge as the longest serving Prime Minister in Europe, was of special value to me in our discussions. It was no secret when we last met that your many years as Prime Minister were likely to be consummated this year with election to the highest office in your country, President of the Republic. It was with much personal pleasure that I learned that you had become President. I offer you my congratulations and those of all my Government.

One of the first acts of the Conservative Government on taking office was to sign the Treaty of Accession of Greece to the European Community. I am confident that posterity will see this accession not only as a milestone in history but also as an enrichment of Europe. This achievement is owed in large measure to your own political determination and authority. I congratulate you also on this success and on behalf of my country welcome most warmly Greece's accession as a partner in the Community.

TOAST: DINNER AT THE RESIDENCE: 23 SEPTEMBER

Anyone with a sense of history must be conscious in this building - the house of that great Greek patriot and friend of Britain, Mr Venizelos - of the close, the indissoluble, ties which unite our two countries. For a Conservative Prime Minister there is something especially fitting about welcoming you here on British soil. For it was here that no less than three of my distinguished predecessors met and talked with Greek friends and colleagues at critical periods of your history. Anthony Eden came here - as Foreign Secretary - in 1941 to pledge the British Government to the assistance of Greece against the Nazi invader. Winston Churchill, Anthony Eden and Harold Macmillan were all here in those dark days of December 1944 when for a time it looked as if liberation from Nazi occupation would end not in freedom but in the burden of a new tyranny. I am proud of the contribution we made then to Greek freedom and thus to the re-establishment of this country as a stable democracy, a member of the Western Alliance, and a country now about to take its rightful place in the European Community.

I take the warmest pleasure in welcoming you Mr Prime Minister, Mrs Rallis and your colleagues, and thanking you for the quality of your reception of me - and for your kindness to my husband and all our party during this visit.

✓ NJS
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Foreign and Commonwealth Office

London SW1A 2AH

Michael - I have amended
the PM's copy, but you
may wish to draw her
attention to this

19 September 1980

Dear Michael,

important revision.
Gillian 19/9.

Prime Minister's visit to Yugoslavia:
Arms Sales

Last minute developments make it necessary to amend a couple of points in the brief on Defence Matters (PMVC(80)13).

The fourth of the Points to Make was based on our understanding that the FRG and Italy, our partners in the Tornado/RB199 project, were unlikely to veto our hope eventually to sell the RB199 aeroengine to Yugoslavia and would not object to our supplying marketing information now. Italy has concurred in our position, subject to German concurrence. But the Germans have now raised unexpectedly strong objections to the idea of selling the engine itself and have opposed the releasing of information which might raise the Yugoslavs' hopes.

This is disappointing and we are considering how to try to change the Germans' minds. But we shall not be able to do so before the Prime Minister arrives in Belgrade. We therefore need to alter the rather forthcoming line in the fourth Point to Make. The Prime Minister might instead take the following line:-

"Well aware of your interest in RB199 engine. Take a positive view on the question. But this is a collaborative project and we shall need to carry our German and Italian partners. We are discussing the matter with them."

On a lesser point, there has in the last two days been a development on the question of offset purchases of Yugoslav military equipment by the UK (fifth Point to Make). Agreement has been reached on a new Anglo-Yugoslav mechanism for discussing this in future. Instead of the last sentence of this Point to Make the Prime Minister could say:

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"HMG concerned to see improvements in this area. I understand that a new mechanism has been established to discuss the question. Must see how well this works".

I am copying this letter to Brian Norbury in the MOD.

Yours etc

Paul

(P Lever)
Private Secretary

Michael Alexander Esq
10 Downing Street
London

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11-9 SEP 1980





FROM
NICHOLAS
BETHELL

TELEPHONE
01-402-6877

73 SUSSEX SQUARE
LONDON W2 2SS

BY HAND

The Rt. Hon. Mrs Margaret Thatcher, MP,
10 Downing Street,
LONDON S.W.1.

19th September 1980

Dear Prime Minister,

Ian Gow has kindly agreed to hand you this letter, which I hope may be of use to you during your visit to Greece next week from the point of view of relations between the Government party there, New Democracy, and the Conservative party here, with special application to the European Democratic Group in the European Parliament.

Contacts and negotiations between New Democracy and the European Conservative/Democratic Group have been going on for many years, in fact ever since the restoration of democracy in Greece in 1974. In early 1975 Peter Kirk asked me to be the member of ECG mainly responsible for these links. This task was confirmed by Geoffrey Rippon when he took over as chairman of ECG and by Jim Scott-Hopkins when he became leader of the new EDG last year.

Since July 1975 I have attended all the twice-yearly meetings of the joint Greek Parliament/European Parliament committee charged with monitoring negotiations for Greece's entry. I have visited Greece about a dozen times with Peter Kirk, Geoffrey Rippon, Diana Elles and on my own. Last November I led a small EDG group to Athens, where we talked to most of the senior ministers - George Rallis, Evangelos Averoff, Constantine Stephanopolous - as well as party officials. Most recently, as Jim Scott-Hopkins has probably told you, I went with the EDG Bureau to Athens two weeks ago for a further meeting with ministers.

It seems to us in EDG that now is a crucial stage in ND's decision over which group to join in the European Parliament next year. They are clearly attracted by the idea of joining EDG and, as you will see from my enclosed note of last November's visit we have made them a set of practical proposals for cooperation, which they are still considering. But they are worried by our one-nationality character, by the possibility of our numbers being greatly reduced in the 1984 European elections and, like other continental parties, by wrongly preconceived ideas about the word "Conservative".

They face a crucial general election, probably next May, which looks like being touch and go. Opposition leader Andreas Panandreu has gained ground

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because of many Greeks' sense of outraged nationalism vis-à-vis Turkey, especially the Aegean issue and Cyprus. The Greek right is also tarnished by the association of some of its members with the military junta that was overthrown in 1974. (I am afraid that some British Conservatives supported the junta publicly. And the Greeks know this.)

The other options open to ND are to join the Liberal group or the Christian Democrat group (European Peoples Party). Or they could remain on their own. In January they will be 14 nominated members, one short of the number required to form a two-nationality group. They may well decide, since they are a lame-duck nominated body and since elections are a few months away, that it would be sensible and cautious to remain unattached until their European elections, which will take place at the same time as their national elections.

But it is very much in our interest, I believe, to explain to the Greeks what they have to gain by joining EDG eventually. An input of non-British members would, in my view, be of great benefit to our effectiveness in the European Parliament. It would rid us of the label of being simply a British lobby. It would create many difficulties, especially at the beginning of such a merger, but in the end it would, I think, immensely increase our effectiveness as a political force, not to mention the practical and financial benefit that would come to us through increased numbers.

From this particular point of view, therefore, your visit to Athens could not be more appropriate and I do hope that you will find time during these extremely busy few days to mention to Mr Rallis your hopes for an EDG-ND alliance. The final decision on the matter will be made by Mr Rallis and a word from you will count for a great deal.

You could, if you thought fit, mention a number of reasons why it would be in ND's interest to join EDG rather than any other group. The points in our favour seem to me to be the following:

- 1) Being a British and Danish group, we have special concern for the problem of new members of the EEC. We are not tied down by precedent and believe in the flexible approach to the Community's development.
- 2) For the same reason we are specially concerned with the problems if member states on the periphery of the Community, especially the barriers to effective trade suffered by such countries. For instance, a road link through Yugoslavia and a better Greece-Italy sea link are important to them. A channel link is important to us.

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3) If ND join us, they will be the second largest national element in the group and entitled to many senior positions.

4) We are a non-confessional party. There will be no conflict between Greek Orthodoxy and ourselves, as there might be with the Roman Catholic ideological base of the CDs.

5) Both the Liberal and EPP groups are federalist by conviction. For instance, majority voting in the Council is part of their platform. This is not our position. Nor is it NDs.

I hope that these points will be of use to you and I send you my very best wishes for a successful visit to Greece. It is very important, I think, apart from my particular concern with ND/EDG relations, that we should do everything possible to help Mr Rallis to win his elections next year. Greece's continued participation in the defence of the West is of vital concern to us and the Greek opposition are committed to ending such participation.

Yours ever

Nicholas

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FM FCO 181430Z SEPTEMBER 1980

TO ROUTINE ATHENS

TELEGRAM NUMBER 155 OF 18 SEPT 80

INFO SAVING ANKARA, NICOSIA, UKMIS BRUSSELS, UKDEL NATO,

UKMIS NEW YORK, WASHINGTON, ROME, PARIS, LUXEMBOURG, DUBLIN

THE HAGUE, COPENHAGEN, BRUSSELS, BONN

PRIME MINISTERS VISIT: SPEECH

1. THE PRIME MINISTER HAS APPROVED THE FOLLOWING TEXT FOR HER SPEECH AT RALLIS DINNER ON 22 SEPTEMBER. IF NECESSARY THE TEXT MAY BE SHOWN TO THE GREEKS BEFOREHAND. PLEASE ARRANGE LOCAL TRANSLATION AND DUPLICATION. RELEASE COPIES SHOULD BE EMBARGOED UNTIL DELIVERY TIME.

TO COME TO GREECE FOR THE FIRST TIME IS AN EMOTIONAL EXPERIENCE FOR ANY EUROPEAN. TO COME AS A FRIEND, AND AS PRIME MINISTER OF AN ALLIED COUNTRY, TO THE SORT OF WELCOME WHICH I HAVE RECEIVED IS DOUBLY SO. I AM GRATEFUL TO YOU, MR. PRIME MINISTER, TO YOUR GOVERNMENT AND TO THE GREEK PEOPLE FOR YOUR HOSPITALITY AND FRIENDSHIP.

ANGLO-GREEK LINKS

GREEK CIVILISATION HAS BEEN AN INSPIRATION TO THE WHOLE OF EUROPE SINCE CLASSICAL TIMES. ALTHOUGH I AM COMING TO YOUR COUNTRY FOR THE FIRST TIME I FEEL THAT I AM COMING TO A COUNTRY I KNOW WELL. AND I AM PROUD THAT, IN RETURN FOR YOUR GREAT GIFTS TO US, MY COUNTRYMEN HAVE MADE NO MEAN CONTRIBUTION TO THE ESTABLISHMENT OF THE MODERN GREEK NATION. THE PHILHELLENES OF THE WAR OF INDEPENDENCE - I NEED ONLY MENTION BYRON - WERE THE FORERUNNERS OF THOSE WHO FOUGHT ALONGSIDE GREEKS IN THE MOUNTAINS IN THE LAST WAR.

WE HAVE MUCH IN COMMON. WE ARE BOTH OF US OUTWARD LOOKING NATIONS AND TRADING NATIONS. WE UNDERSTAND, BOTH OF US, THE SEA AND SHIPS. THE INFLUENCE OF EACH COUNTRY S CULTURE ON THE OTHER HAS BEEN ENORMOUS. WE IN BRITAIN HAVE ALWAYS BEEN DRAWN BY THE ALMOST MAGNETIC ATTRACTION OF GREECE. I AM PROUD THAT

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A NUMBER OF COMPATRIOTS ARE HONOURED BY THE RARE PRIVILEGE FOR A FOREIGNER OF MEMBERSHIP OF THE GREEK ACADEMY. THERE IS A LIVELY AND GROWING INTEREST IN CONTEMPORARY GREECE. THE NOBEL PRIZES WON BY TWO OF YOUR GREAT POETS - ONE OF THEM, THE LATE GEORGE SEFERIS, A DISTINGUISHED AMBASSADOR IN LONDON - REMINDS US THAT THE LYRIC GENIUS OF ANCIENT GREECE SURVIVES. BUT THE AFFINITY IS NOT CONFINED TO HIGH CULTURE. IT IS BEING RECOGNISED BY AN EVER WIDER CROSS SECTION OF BOTH NATIONS. MORE AND MORE OF OUR YOUNG PEOPLE ARE REALISING, THROUGH PERSONAL EXPERIENCE AND FRIENDSHIP, THAT BRITAIN IS NOT JUST THE BRITAIN OF DICKENS AND GREECE NOT JUST THE ATHENS OF PERICLES. IT IS ONE OF THE MOST BENEFICIAL ASPECTS OF TOURISM AND I WELCOME IT.

GREECE'S PROGRESS IN THE SIX DIFFICULT YEARS FOLLOWING THE RESTORATION OF DEMOCRACY IN ITS BIRTHPLACE HAVE THEREFORE BEEN FOLLOWED WITH REAL FEELING AND ADMIRATION BY US IN BRITAIN. YOUR OWN ROLE MR PRIME MINISTER IN A SERIES OF KEY OFFICES CULMINATING IN YOUR RECENT APPOINTMENT AS PRIME MINISTER HAS BEEN CRUCIAL. YOU HAVE SHOWN HOW DEEP AND STRONG IS THE ATTACHMENT TO THAT IDEAL WHICH FOR ALL OF US HERE IS THE CARDINAL IDEAL - IN YOUR LANGUAGE 'ELEFThERIA': IN MINE LIBERTY.

GREEK ACCESSION TO THE EUROPEAN COMMUNITY IT IS PRECISELY BECAUSE WE SUPPORT THE STRENGTHENING AND ENRICHING OF A EUROPE OF FREE AND DEMOCRATIC COUNTRIES, WHOSE FOUNDING PRINCIPLE MUST BE LIBERTY, THAT WE SUPPORTED GREEK ACCESSION TO THE EUROPEAN COMMUNITY FROM THE START. WE WELCOME WITH ENTHUSIASM YOUR JOINING US AS A FULL MEMBER ON THE 1ST OF JANUARY. IT WAS FITTING THAT MY COUNTRY SHOULD HAVE BEEN THE FIRST TO RATIFY YOUR TREATY OF ACCESSION. BUT THE CREDIT IT NOT, OF COURSE, OURS. IT BELONGS TO YOU AND YOUR COLLEAGUES WHO TOOK THE DECISION UNDER PRESIDENT KARAMANLIS'S LEADERSHIP, TO APPLY FOR MEMBERSHIP: TO CAST GREECE'S LOT WITH THE COMMUNITY, WELCOMING NOT ONLY THE ECONOMIC BUT ALSO THE POLITICAL IMPLICATIONS. I BELIEVE, MR. PRIME MINISTER, THAT YOU SHARE MY STRONG

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CONVICTION THAT, IN THE DANGEROUS WORLD IN WHICH WE FIND OURSELVES LIVING TODAY, IT IS ONLY BY CO-OPERATION AMONG EUROPEAN DEMOCRACIES THAT WE CAN PROTECT OUR OWN MOST VITAL INTERESTS. THE DAY OF THE GREAT EUROPEAN NATION STATE IS NOT OVER. WE WILL EACH OF US CONTINUE TO MAKE A DISTINCTIVE CONTRIBUTION TO THE CIVILISATION OF THE WORLD. BUT IN AN AGE OF SUPERPOWERS AND SUPERWEAPONS, OF GROWING PRESSURE ON THE WORLD'S RESOURCES OF FOOD, ENERGY, AND ESSENTIAL RAW MATERIALS, AT A TIME WHEN OUR DEMOCRATIC SYSTEM AND OUR AGE-OLD EUROPEAN CIVILISATION ARE INCREASINGLY THREATENED AND DERIDED BY THOSE WHO KNOW THE BENEFITS OF NEITHER - AT SUCH A TIME AND IN SUCH A WORLD IT IS NO LONGER POSSIBLE TO STAND ON ONE'S OWN. THAT IS WHY IN THE EUROPEAN COMMUNITY WE HAVE, IN THE WORDS OF THE TREATY OF ROME, RESOLVED TO POOL RESOURCES TO PRESERVE AND STRENGTHEN PEACE AND LIBERTY, AND TO ENSURE ECONOMIC AND SOCIAL PROGRESS BY COMMON ACTION.

THE EUROPEAN COMMUNITY

THE EUROPEAN COMMUNITY REPRESENTS A DARING ATTEMPT TO CONSTRUCT DELIBERATELY A NEW KIND OF POLITICAL ORGANISATION BASED ON THE FUNDAMENTAL PRINCIPLES OF DEMOCRATIC LIBERTY AND ECONOMIC SOLIDARITY. THE COMMUNITY LAUNCHED MORE THAN TWENTY YEARS AGO HAS PROVED TO BE A TRUE POLITICAL ORGANISM, CAPABLE LIKE ALL LIVING ORGANISMS OF ADAPTING IN ORDER TO SURVIVE AND PROSPER. THE COMMUNITY OF SIX WAS FIRST ENLARGED TO INCLUDE BRITAIN, A COUNTRY WITHOUT WHOSE TRADITIONS, SKILLS AND EXPERIENCE NO ENTERPRISE COULD TRULY CALL ITSELF 'EUROPEAN', TOGETHER WITH DENMARK AND IRELAND. THE COMMUNITY WILL SOON BENEFIT FROM GREECE'S UNIQUE CONTRIBUTIONS TO OUR COMMON CIVILISATION.

EUROPE AND THE WORLD

THE COMMUNITY WAY OF DOING BUSINESS IS NOISY AND ARGUMENTATIVE. AS SUCCESSIVE CRISES PARALYSE BRUSSELS, THE PESSIMISTS SAY THE COMMUNITY HAS LOST ITS WAY AND IS ABOUT TO COLLAPSE. THUS IT WAS IN THE TURBULENT 1960S. THUS IT WAS IN THE 1970S. THUS I AM SURE IT WILL REMAIN.

BUT THE OUTSIDE WORLD IS UNDER NO ILLUSION. THE COMMUNITY IS BY FAR THE MOST IMPORTANT TRADING BLOC IN THE WORLD. IT

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ALREADY HAS AGREEMENTS WITH COUNTRIES IN EVERY CONTINENT SEMI-COLON AND THE LIST OF CANDIDATES FOR NEW AGREEMENTS IS GROWING. THROUGH ITS DEVELOPMENT AND TRADE POLICIES IT HAS A MAJOR ROLE IN THE NORTH-SOUTH DIALOGUE. AND THROUGH THE MACHINERY OF POLITICAL CO-OPERATION IT IS ACTIVE IN DETENTE IN EUROPE, IN THE MIDDLE EAST, AND BEYOND. INSIDE THE COMMUNITY WE SOMETIMES LAMENT THAT EUROPE HAS NO FOREIGN POLICY. THOSE OUTSIDE FIND THAT LAMENT DIFFICULT TO UNDERSTAND.

EUROPE'S VOICE IN THE WORLD IS OFTEN MORE AUDIBLE TO OTHERS THAN TO THE MEMBERS OF THE COMMUNITY THEMSELVES. WE ARE VERY CONSCIOUS OF THE DIFFERENCES OF VIEW BETWEEN US. OTHERS SEE THE COMMON POSITIONS WHICH EMERGE. WE NOTICE THE VARIETY AND DIVERGENCE. OTHERS SEE THE SIMILARITY OF PERSPECTIVE AND THE COMMON INTERESTS THAT UNITE US. SHARING THOSE INTERESTS, YOU WILL BE STRENGTHENING OUR COMMON VOICE AS WELL AS BRINGING US THE NEW IDEAS WHICH WILL RESULT FROM GREECE'S POSITION IN THE BALKANS AND HER PARTICULAR PERSPECTIVE ON THE PROBLEMS OF THE MIDDLE EAST. I HAVE NO DOUBT THAT AN AUTHORITATIVE VOICE IS ABOUT TO BE ADDED TO OUR DELIBERATIONS IN THE EUROPEAN COUNCIL. GREECE'S REPRESENTATIVE WILL BE NO NEWCOMER TO THE INTERNATIONAL STAGE.

DEFENCE

OUR COMMON INTERESTS ARE MORE THAN EVER IN NEED OF RESOLUTE AND EFFECTIVE DEFENCE. IT HARDLY NEEDS SAYING IN GREECE, SURROUNDED AS SHE IS BY CHANGE AND UNCERTAINTY, THAT THE WORLD IS AS UNSETTLED AND AS DANGEROUS A PLACE AS IT HAS EVER BEEN SINCE 1945. WE SEE A POWER - THE SOVIET UNION - WHICH, WHATEVER ONE'S ANALYSIS OF SOVIET MOTIVES AND INTENTIONS, HAS DECIDED TO USE ITS OVERWHELMING MILITARY FORCE TO SUBJUGATE A SMALL NEIGHBOUR - AFGHANISTAN. WE SEE CONTINUED AGGRESSION IN SOUTH EAST ASIA, CHRONIC AND DANGEROUS INSTABILITY IN IRAN, AND CONTINUING CONFRONTATION IN THE MIDDLE EAST SEMI COLON THE RECENT CHANGES IN POLAND ARE LIKELY TO BE ONLY THE START OF A DIFFICULT PERIOD, ALTHOUGH I TRUST THAT THE POLES WILL BE LEFT TO WORK OUT THEIR OWN SOLUTIONS. AND RECENT EVENTS IN YOUR NEIGHBOURING COUNTRY - OUR COMMON ALLY TURKEY - REMIND US THAT

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INSTABILITY IS NOT CONFINED TO DISTANT LANDS.

ALL THESE PROBLEMS AFFECT OUR INTERESTS AND CALL FOR A EUROPEAN RESPONSE.. THEY CALL ALSO FOR A WIDER WESTERN RESPONSE. INDIVIDUALLY AND TOGETHER IN THE EUROPEAN COMMUNITY WE MUST MAKE OUR INFLUENCE FELT. AND, IF PEACE ITSELF IS TO BE PRESERVED, WE NEED AN EFFECTIVE DEFENSIVE ALLIANCE. IT EXISTS. IN NATO WE HAVE THE FRAMEWORK WITHIN WHICH EACH OF US CAN PLAN HIS DEFENCE AND TOGETHER MEET THE CHALLENGE WE FACE. OUR FUTURE SECURITY DEPENDS ON THE CONTINUED GOOD HEALTH OF THE NORTH ATLANTIC ALLIANCE.

IF EUROPE, SO OFTEN THE SCENE OF CONFLICT IN THE PAST, LOOKS TODAY LIKE A HAVEN OF PEACE IN A TROUBLED WORLD, IT IS BECAUSE OF THE SECURITY AND STRENGTH WHICH THE WESTERN DEMOCRACIES HAVE FOUND IN NATO. IF WE REMAIN UNITED, WE SHALL REMAIN FREE AND AT PEACE.

SO IT IS ALL THE MORE DISTURBING TO FRIENDS OF GREECE THAT PROBLEMS REMAIN UNSOLVED WHICH WEAKEN THE COHESION OF THE ALLIANCE AT ITS SOUTHERN FLANK. IT IS OF THE HIGHEST IMPORTANCE THAT GREECE RETURN SOON TO THE MILITARY STRUCTURE OF NATO. WE ALL WANT YOU BACK IN - URGENTLY. A SOLUTION IS ESSENTIAL, BOTH FOR GREECE'S SAKE AND FOR THAT OF THE REST OF US IN THE ALLIANCE.

AND LET ME ADD THIS. YOUR DETERMINATION THAT YOUR ARMED FORCES SHOULD BE EQUIPPED WITH MODERN, EFFECTIVE ARMAMENTS MUST BE SALUTED IN A WORLD IN WHICH THE SOVIET UNION'S MASSIVE MILITARY STRENGTH IS A VISIBLE MENACE TO THE BALANCE OF FORCES BETWEEN EAST AND WEST. I WELCOME THAT DETERMINATION. I FIRMLY BELIEVE THAT BRITAIN HAS AN IMPORTANT PART TO PLAY IN ITS REALISATION - BOTH IN SUPPLYING EQUIPMENT AND BY ENCOURAGING CLOSER CO-OPERATION BETWEEN OUR ARMED FORCES AND YOURS.

BEFORE I TURN TO OTHER MATTERS, IT IS RIGHT THAT I SHOULD MENTION CYPRUS - AN ISSUE THAT HAS BOTH UNITED AND DIVIDED US IN THE PAST. WE, LIKE YOU, HAVE A KEEN AND DIRECT INTEREST IN THE STABILITY OF THE EASTERN MEDITERRANEAN. I KNOW THAT YOU WILL WELCOME, AS I DO, THE RESUMPTION OF THE INTERCOMMUNAL TALKS IN NICOSIA. IT IS ONLY IF BOTH COMMUNITIES CAN FIND A WAY OF LIVING TOGETHER THAT HARMONY CAN BE RESTORED TO THE

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UNHAPPY ISLAND.

I HAVE ALREADY ALLUDED TO THE RECENT CHANGES IN TURKEY. YOU WOULD NOT EXPECT ME TO SAY ANYTHING MORE, EXCEPT TO REPEAT THAT WE ALL HAVE AN INTEREST IN THE STABILITY OF THE WHOLE REGION SEMI COLON AND THOSE SINCERELY TRYING TO MAINTAIN OR RESTORE IT HAVE OUR SYMPATHY.

TRADE AND COMMERCE

MR. PRIME MINISTER IT MAY BE THAT WE IN BRITAIN HAVE NOT BEEN SUFFICIENTLY AWARE UNTIL RECENT YEARS OF GREECE AS A MODERN, EXPANDING MARKET ECONOMY IN WHICH BRITAIN HAS A LARGE CONTRIBUTION TO MAKE. WE ARE PUTTING THAT RIGHT. WE BELIEVE THAT BRITAIN CAN MAKE A MAJOR CONTRIBUTION TO YOUR ECONOMIC DEVELOPMENT IN SUCH FIELDS AS TRANSPORT, ELECTRONICS, PORT DEVELOPMENT, HOSPITALS SEMI COLON AND THROUGH THE PROVISION OF FINANCIAL SERVICES AND CONSULTANCY.

THERE ARE OPPORTUNITIES IN THE OTHER DIRECTION TOO - OPPORTUNITIES FOR EXAMPLE FOR YOUR AGRICULTURAL PRODUCTS. TWO OF MY CABINET COLLEAGUES, MR. NOTT AND MR. WALKER, WILL BE COMING HERE SOON. THEIR VISITS WILL HELP TO IDENTIFY THESE OPPORTUNITIES AND PROMOTE OUR MUTUAL TRADE IN ALL FIELDS.

CONCLUSION

MR. PRIME MINISTER, YOU PROBABLY ALREADY KNOW THAT THE GREEK HISTORIANS AND GEOGRAPHERS OF THE ANCIENT WORLD WERE AMONG THE FIRST, LITERALLY, TO PUT BRITAIN ON THE MAP OF EUROPE. FROM THE WORK OF PTOLEMY IN ALEXANDRIA, ABOUT 140 AD WE CAN DERIVE THE FIRST REASONABLY ACCURATE MAP OF BRITAIN: TO STRABO AND DIODORUS SICULUS, WRITING NOT LONG AFTER THE ROMAN INVASION, WE OWE SOME OF OUR VERY EARLIEST INFORMATION ABOUT THE CUSTOMS AND THE CHARACTERISTICS OF THE BRITISH ISLES. BOTH WRITERS REMARK UPON THE SIMPLE, EVEN BARBARIAN, MANNERS OF THE INHABITANTS, AND UPON THE INCLEMENCY OF THE BRITISH CLIMATE. 'THEIR WEATHER' SAYS STRABO 'IS MORE RAINY THAN SNOWY SEMI COLON AND ON THE DAYS OF CLEAR SKY, FOG PREVAILS SO LONG A TIME THAT THROUGHOUT A WHOLE DAY THE SUN IS TO BE SEEN FOR ONLY THREE OR FOUR HOURS ROUND ABOUT MIDDAY'. AS YOU WILL KNOW, THE BRITISH WAY OF LIFE HAS CHANGED FOR THE

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BETTER SINCE STRABO WROTE SEMI COLON AND IT IS A MOST WELCOME SURPRISE TO LEARN THAT OUR WEATHER SEEMS TO HAVE IMPROVED TOO.

MR. PRIME MINISTER, I AM DELIGHTED TO BE HERE. THANK YOU FOR INVITING ME, AND FOR YOUR WELCOME. WE SHALL SEE EACH OTHER REGULARLY HENCEFORTH, AT MEETINGS OF THE EUROPEAN COUNCIL SEMI COLON AND I VERY MUCH HOPE TO WELCOME YOU TO LONDON NEXT YEAR DURING OUR OWN PRESIDENCY. I LOOK FORWARD KEENLY TO A LONG AND FRUITFUL CO-OPERATION, AND TO THE DEVELOPMENT OF EVER CLOSER TIES OF UNDERSTANDING AND FRIENDSHIP BETWEEN OUR PEOPLES.

CARRINGTON

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PLANNING STAFF

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[COPIES SENT TO 10 DOWNING ST.]



10 DOWNING STREET

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Prime Minister -

This is a draft for your
main speech in Greece. The Greeks
have asked if they could have the
text a few days in advance i.e. before
the weekend. Since you are not
giving a press conference, it seems
right to include a fair amount of
substance in it. It is however
lighter in tone than that for
Belgrade.

Paul
Mered
not

493 9693

- 3 aspects
- Coal: best coal package
wer: could be
 - Finance: acquired on
normal
 - Hardware: commercial
basis

ELCOs have pulled pipe
out.

OE making no
profit out of it.

Will give further concessions
of price, package.

If the US have the will.

There is a factor supporting
the French: highly competitive.

Further concessions: to-day.
Political level.
Embassy.

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Foreign Office

10 DOWNING STREET

From the Private Secretary

18 September 1980

Speeches kept separately
on Speech folder.

Dear Paul,

Prime Minister's Visit to Greece and Yugoslavia:
Speeches and Statements

I enclose approved texts of the Prime Minister's speeches at the dinners being given in her honour by the Prime Minister of Greece in Athens on 22 September and by the Chairman of the Federal Executive Council in Belgrade on 24 September. I also enclose the text which the Prime Minister has approved for her statement on arrival in Belgrade.

The Prime Minister has also agreed that discussions may continue with the Yugoslav authorities on the basis of the British draft enclosed with George Walden's letter to me of 15 September for a joint statement to be issued at the end of her visit to Yugoslavia. The only queries the Prime Minister had on the British draft related to the factual accuracy of the second sentence of paragraph 8 and the second sentence of paragraph 17.

I am sending a copy of this letter, without its enclosures, to Stuart Hampson (Department of Trade).

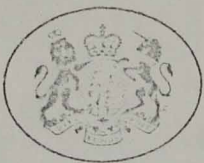
Yours ever

Michael Alexander

Paul Lever, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

RM



Foreign and Commonwealth Office

London SW1A 2AH

18 September 1980

Dear Michael,

Prime Minister's Visit to Yugoslavia

Programme

See admin
You will have seen from Belgrade telegram No 265 (copy attached) that the Yugoslavs have suggested some further small amendments to the Prime Minister's programme in Skopje. The changes do not substantially affect the rest of the programme and I should be grateful if you could confirm that the Prime Minister would be content with them.

Arrival Ceremony

I enclose a brief note setting out the order of ceremonies on the Prime Minister's arrival in Belgrade.

Speech at Yugoslav Prime Minister's dinner on 24 September

The outcome of the UN Special Session has made it necessary to amend slightly the passage on international economic relations in the Prime Minister's speech. I should be grateful if you could insert the revised passage enclosed in place of the existing thirteenth and fourteenth paragraphs.

Yours *OL*

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

Original on PM Tass, June 80, Greece & Yugoslavia.

REVISED PASSAGE ON WORLD ECONOMIC PROBLEMS FOR INCLUSION
IN THE PRIME MINISTER'S SPEECH IN BELGRADE ON 24 SEPTEMBER
(Third revision - 17 Sept)

World economic problems also require urgent attention. The developed countries as a whole are fighting the problems of inflation and sharply higher energy costs. The developing countries face balance of payments deficits and burdens of debt which threaten their economic future. The first priority is to fight inflation and thereby to create the conditions essential for healthy growth. This approach is necessary to enable us better to respond to the needs of the international community as a whole. Without the defeat of inflation, the capacity of the developed countries to give aid will be reduced; and the value of the aid which they do give will be diminished. Without the defeat of inflation, there will be no sustained growth, and no sustained expansion in the volume of international trade.

But Britain also recognises, of course, that this battle cannot be won overnight and that many developing countries especially the poorest, need immediate help. Britain will play her part here; and so, I am sure, will the other developed countries of the West. But we are entitled to look to those with large financial surpluses to make a major contribution. What is needed is a common endeavour, directed particularly towards those most in need.

The United Kingdom is determined to play its part in the United Nations and in the international economic and financial institutions. The outcome of the recent special session is disappointing to us as it must have been to you. Nevertheless the preservation of the integrity of the Specialised Agencies, particularly of the International Financial Institutions, is a matter of importance to us. We shall continue during the

/General Assembly

General Assembly to work for a successful launch of the Global Negotiations on a generally acceptable basis. We greatly value Yugoslavia's role in these matters, and look forward to continuing to work with you in the future.



cc B1
cc NLS

Foreign and Commonwealth Office

London SW1A 2AH

18 September 1980

Dear Michael,

Prime Minister's Visit to Yugoslavia

I enclose a set of additional notes on points concerning the Prime Minister's programme in Yugoslavia which are not covered in the formal briefs. You may find it helpful to be able to draw on these during the visit if the Prime Minister asks for additional background on specific points.

I also enclose background notes on two aspects of Mr Thatcher's programme.

with /
briefing
filed in
folder
behind!

Yours etc

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

Conservative and Unionist Party, GB
Det konservative folkeparti, DK
Ulster Unionist Party, N. Ireland
Centrum-Demokraterne, DK



EUROPEAN PARLIAMENT
EUROPEAN DEMOCRATIC GROUP

Chairman

CONFIDENTIAL

LUXEMBOURG

STRASBOURG

Centre européen, Case postale 1601
Tél. 43001
Telex 2832 ecg lu

JS-H/ujh

18th September 1980

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10, Downing Street,
London, S.W. 1.

Dear Margaret,

I have twice been to Athens during the past seven weeks. The first time with Diana Elles and the second time with officers of our Group (seven people). The purpose of both visits was to explore the possibility of Nea Demokratia Members of Parliament joining us when they entered the Community in 1981.

The first visit consisted of meeting all the Ministers concerned with the EEC, including the Prime Minister. During the second visit with my colleagues, two of the backbench members of the Nea Demokratia Party joined us during our discussions. In the evening I gave a dinner party for the Ministers closest to the EEC.

It became increasingly apparent during these visits that, whilst no positions had been taken as to the future actions of the Nea Demokratia Party, it really all depended on the decision of Prime Minister Rallis. My impression was that they were very taken with the idea of working with us, notwithstanding the great pressure which had undoubtedly been put on them by the Christian Democrats and the Liberals during the past two months. My reasons for saying this are that they feel, I believe, that there is identity of interest between our two parties and countries and the problems that they are going to meet in joining the EEC.

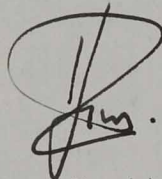
Unfortunately, my last impression is that they are almost completely unprepared, both at ministerial and parliamentary level, for the rigours of Community membership, but doubtless being Greek they will be able to organise things at the last minute whatever may happen.

/...

Finally, as you can see, we stand an extremely good chance of the Nea Demokratia Members of Parliament joining us and this would be of great advantage to us in the European Parliament, not only in widening our base here, but also giving greater weight to what we say in the Parliament.

I think a little extra push from you, if it is possible, when you meet the Prime Minister during your visit to Athens will clinch the matter. If I can be of any further assistance to you in giving you any more details, either during this weekend or at any other time, please let me know.

Yours ever,

A handwritten signature in dark ink, appearing to be 'J.S.H.', written in a cursive style.

James Scott-Hopkins
Chairman

RESTRICTED



Prime Minister:
I do not think you need
study these in any detail now
but you may like to know they
exist!

Foreign and Commonwealth Office

London SW1A 2AH

15 September 1980

Dear Michael,

Paul 2/10

Prime Minister's Visit to Yugoslavia: Notes for Speeches

We have already sent you drafts of the Prime Minister's main speech at the Yugoslav Prime Minister's dinner on 24 September and the arrival statement at the airport. I now enclose notes for the other occasions on which she is likely to make brief speeches. These are:-

- / (a) a draft opening statement for the talks with Mr Djuranovic on 24 September;
- / (b) a speaking note for the opening of the British Silver Exhibition on 24 September;
- / (c) a speaking note for the lunch given by President Mijatovic on 25 September;
- / (d) a speaking note for the visit to Smederevo steel works on 25 September;
- / (e) a speaking note for the dinner given by the President of Macedonia on 25 September;
- / (f) a speaking note for the lunch given by the Mayor of Dubrovnik on 26 September.

(G G H Walden)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

RESTRICTED



15 SEP 1980



POSSIBLE OPENING STATEMENT FOR TALKS WITH
PRIME MINISTER BJURANOVIC.

1. Britain and Yugoslavia have enjoyed close and largely untroubled relations for many years. We greatly admire both your achievements at home and the role you play in international affairs, for example in the non-aligned movement. I am therefore delighted to have this present exchange and hope there will be many more.
2. We have no problems to raise under bilateral relations which demonstrates how good our relations are. There are however many subjects which our two countries can profit by discussing. I would therefore like to emphasise the value we place on regular exchanges both at Ministerial and working levels. I look forward to having a thorough discussion of our bilateral relations in a moment.
3. On the international front there have been a number of recent developments which have caused us great concern as I am sure they have you. I would in particular like to discuss with you the worsening of East-West relations caused by the Soviet invasion of Afghanistan and any suggestions you may have for resolving the problem; the implications of recent developments in Poland; the prospects for the Madrid conference; the situation in the Middle East and Iran and on the international and economic front; the problems now facing the developing countries. I should

/also very much

also very much like to hear how you see the future of the Non-aligned movement and the part it may play in some of these problems.

B

PRIME MINISTER'S VISIT TO YUGOSLAVIA: DRAFT NOTES FOR SPEECH
AT OPENING OF EXHIBITION OF BRITISH SILVER ON THURSDAY 24 SEPTEMBER 80

1. Delighted to be able to use opportunity of visit to Belgrade to open this exhibition of British silver. It has been organised by the Victoria and Albert museum in London together with the Museum of Applied Arts in Belgrade and has been supported by the British Council. It represents an important occasion in cultural exchanges between Britain and Yugoslavia.
2. ~~In talks this afternoon with Mr Djuranović we have covered whole field of our bilateral relations. Cultural exchanges particularly important because they provide a means of bringing other peoples into contact with ideas and achievements which are at the very basis of our society. Delighted that exchanges with Yugoslavia run so smoothly.~~
3. Exhibition covers five centuries of British silver making from the reign of Henry VII ¹⁴⁸⁵ until the outbreak of the First World War in 1914. Possible through it to trace a number of important influences on British life throughout the period. ~~For example,~~ ^{The} influence of religion demonstrated by number of Church pieces. Similarly the influence of sport demonstrated by an 18th century cup for boxing owned by the Lonsdale family and 17th century prize for archery presented by the wife of Charles II. Also possible to trace the different external cultural influences to which Britain has been exposed at various stages in its history. Our Yugoslav hosts may be particularly interested in some of the late 18th century silver which was heavily influenced by Robert Adam who in 1764 published a folio of ~~of~~ engravings ~~of~~ the ruins of Emperor Diocletian's palace at Spalatro (now known as Split). Most striking of all, however, is the consistency of the craftsmanship and quality of the items exhibited.
4. ~~Pride in the quality and reliability of what we produce very much a part of the British tradition. Today it is allied to innovatory skills and modern technology and is reflected in some of the world's finest high technology engineering such as~~
/aeroengines,

aeroengines turbo-generators and deep sea oil extraction, technology. One example of where we can cooperate with Yugoslavia in this area is the steel mill being constructed by Davy Loewy in Smederevo which I hope to visit tomorrow. I am sure that there are many more such areas in which our two countries can cooperate.

5. Would like to thank the Director and staff of the Museum of Applied Arts for the great care in which they have taken in setting up this exhibition. We await with interest the exhibition of Serbian silver which is to be shown next year in London at the Victoria and Albert Museum.

6. Now have great pleasure in declaring this exhibition open.

C

PRIME MINISTER'S VISIT TO YUGOSLAVIA: DRAFT NOTES FOR SPEECH AT
LUNCH GIVEN BY PRESIDENT MIJATOVIĆ ON THURSDAY 25 SEPTEMBER 1980

General and Introductory

- Gratitude for Yugoslav invitation. Honour to be first British Prime Minister to visit Yugoslavia.

- Opportunity during first 24 hours of visit to renew acquaintance with Federal Capital, Belgrade, and its surroundings. Useful and extensive discussions enjoyed with the Prime Minister and other Yugoslav leaders.

Talks

- Talks demonstrated that Britain and Yugoslavia share same concern at growing deterioration in international relations and at threat that this has brought to world peace. Reaffirmation of common determination to take action to preserve détente.

-(More detailed reference, if appropriate, to UK position on Afghanistan and Madrid CSCE Meeting.)

- Concern for relaxation of tensions in the world shared by President Tito. His efforts throughout his long life to bring peace. President Tito a great leader and statesman.

Tito

- For British people, Tito a personification of the courage and love of freedom of Yugoslav people, of their perservance and dedication to build up their country to its present prosperous and stable position and of their determination to preserve their independence.

- Vivid memory of discussions with President Tito. Privilege to have shared his thoughts and ideas.

/Succession

Succession

- Praise for present leadership in carrying through smoothly the arrangements made by Tito for his succession and maintaining Yugoslavia's stability and unity.
- President Mijatović the head of a collective leadership. Yugoslavia fortunate to have such a wealth of strength and responsibility amongst its leaders. My own good fortune to have had talks with so many of them.
- Confidence that Yugoslav leaders will continue to safeguard and advance Tito's heritage.

Yugoslav System

- Talks in Belgrade and with federal leaders an opportunitie to learn much about the working of the Yugoslav system at its highest level. Anticipation of visit to the Socialist Republic of Macedonia to learn about the system from the view point of a constituent republic.

Yugoslavia's International Position

- Yugoslavia's unique position in the world. Holding of UNESCO General Assembly in Belgrade further evidence of Yugoslavia's constant aim to bring peoples together and overcome misunderstandings.
- Yugoslavia respected as a truly non-aligned country, which seeks to overcome differences and bridge the differences between various countries and blocs in the world.

Bilateral

- Love of freedom and determination to work for world peace among the many things Yugoslavia and Britain have in common.
- Talks have demonstrated that bilateral relations remain at least

as good today as when Britain and Yugoslavia worked together as allies in wartime.

- No obstacle to prevent cooperation across the board and even more links between the citizens of Britain and Yugoslavia.

- Pleasure this afternoon to be visiting at the Smederevo Metallurgical Complex a joint economic venture between Britain and Yugoslavia of vital importance to the future development of Yugoslavia as a whole. Evidence of determination of UK to increase and strengthen economic and commercial ties with Yugoslavia.

- Importance of new Cooperation Agreement between European Community and Yugoslavia. Hope that this will provide greater opportunities for Yugoslavia's external trade.

Britain's Commitment to Yugoslavia

- Value placed by Britain on continuing unity and territorial integrity of Yugoslavia. Respect for its independence and non-aligned position.

- Visit served to reinforce conviction in strength and purpose of Yugoslavia and of its determination to progress along the path set by President Tito.

Toast

- To the freedom, prosperity and success of the Yugoslav people and the further strengthening of Anglo-Yugoslav relations.

PRIME MINISTER'S VISIT TO YUGOSLAVIA: DRAFT SPEAKING NOTES FOR
USE IN VISIT TO SMEDEREVO STEELWORKS (METALURSKI KOMBINAT
SMEDEREVO) ON THURSDAY 25 SEPTEMBER 1980

- Praise for way in which they have converted a small, old fashioned works into a large integrated complex, using latest technology.
- Admiration for courage in embarking on further expansion in difficult economic conditions. Proud that British companies, led by Davy Loewy, will be playing an important role in this process.
- Pleased to learn that the steelmen of Smederevo and Sheffield are working so well together to produce a giant of modern industry of such vital importance for the future development of Yugoslavia as a whole and of Serbia in particular. Davy Loewy, which has a long history of working successfully in Yugoslavia, is pleased to be associated with this project. They are giving and will continue to offer all possible assistance, based on their long experience in steel mills throughout the world, to the fine Smederevo team to produce and operate one of the most up-to-date cold rolling complexes in the world.
- Also pleased to note large role played by British financial institutions, led by Grindlay Brandts with the help of ECGD, in arranging support for this project.
- Compliments to the Serbian government, led by Mr Ivan Stambolić, on their courage and determination to industrialise their Republic in such a short space of time. Also to the General Manager of the Steelworks, Mr Radivojević, and all his colleagues on their efforts in coping with the enormous problems of modern steel making. Wish success in their future endeavours.



PRIME MINISTER'S VISIT TO YUGOSLAVIA: DRAFT NOTES FOR SPEECH AT DINNER GIVEN BY THE PRESIDENT OF THE PRESIDENCY OF MACEDONIA, MR LJUPCO ARSOV, ON THURSDAY 25 SEPTEMBER 1980

General

- Thanks for invitation. Honour to be in the Socialist Republic of Macedonia.
- Valuable opportunity to obtain at first hand an insight into the functioning of the Yugoslav system at the Republican level and of the inter-relationship of Yugoslavia's constituent parts. Gratitude for opportunity to learn more about this fascinating country and its unique system of self-management.
- Reaffirmation of the value UK puts on maintaining and increasing its links with Yugoslavia and with all the Socialist Republics and Autonomous Provinces which make up the Federation.

Development of Macedonia

- Macedonia fortunate in being such a beautiful country and one that is blessed with rich deposits of mineral ores.

Praise for the courage and determination which made possible the remarkable economic and social transformation in Macedonia over the last 25 years.

- Enormous material and social achievements already witnessed in short tour of Skopje. Looking forward to visiting OHIS Petrochemical Plant to see more of Yugoslavia's industrial expansion and commercial development.

Talks

- Useful talks with Macedonian leadership. Opportunity to discuss problems of common interest and exchange views over wide range of /domestic



domestic and international issues. Concern with deterioration of international relations and common reaffirmation of need to preserve détente. (References to Afghanistan, CSCE if appropriate)

Succession

- Tribute to Tito. Praise for present leadership in carrying through smoothly the arrangements made by Tito for his succession and maintaining Yugoslavia's stability and unity.

- Talks with federal leaders and now Macedonian government strengthened feeling that Yugoslavia indeed has a wealth of strong and responsible leaders who will continue to safeguard and develop the precious legacy of President Tito.

Bilateral

- Although first visit to Macedonia, links between the Republic and UK traditionally strong. Successful visit of Republican Prime Minister, Mr Popov, to UK in 1978.

- Strong links also on municipal level. Glad that British companies were able to play such a useful role in rebuilding of Skopje after the cruel earthquake in 1963. We can share some of your pride in having constructed a beautiful modern city.

- Glad also that cooperation in '60s has led on to further links. Skopje is twinned with Bradford and active cooperation between two towns and their institutions.

- Commercial links between UK and Macedonia are also firm. Several projects in which UK involved in Republic, including the construction of your impressive new Opera House.

- Determination of UK to improve commercial contacts. Importance of new EC/Yugoslavia Cooperation Agreement.

/Britain's Commitment



Britain's Commitment to Yugoslavia

- Macedonia rather like Yugoslavia in miniature. A host of different nationalities living peacefully together and achieving rapid economic and social purpose. Your stability and prosperity a reflection of Yugoslavia overall.

- Value placed by UK on continuing unity and independence of Yugoslavia. Respect for its non-aligned foreign policy.

- Visit reinforced conviction of strength and purpose of all parts of Yugoslavia to progress along Tito's path.

Toast

To the future success and prosperity of the Socialist Republic of Macedonia and to the further strengthening of relations between Yugoslavia and the United Kingdom.



PRIME MINISTER'S VISIT TO YUGOSLAVIA: DRAFT SPEAKING NOTES FOR USE
IN SPEECH FOR LUNCH GIVEN BY THE MAYOR OF DUBROVNIK ON FRIDAY 26
SEPTEMBER 1980

General and Introducing

- Gratitude for invitation to visit Dalmatia. Pleasure to visit the lovely city of Dubrovnik.

Dubrovnik

- Thanks for rich and interesting tour of the city. Welcome opportunity to learn about the proud history of Dubrovnik and the medieval Republic of Raguša (Ragoosha)

- Courage and determination with which the people of the Republic of Raguša defended their independence over the centuries against numerous and powerful enemies.

- Spirit of independence and love of freedom lives on in Dubrovnik and throughout Yugoslavia.

- Dubrovnik not just a beautiful old city; also a flourishing modern ^{town} ~~town~~ and holiday resort with an internationally renowned summer arts festival.

Bilateral

- Links between Dubrovnik and Britain, many and of long standing. Maritime and trading contacts flourished at the time of the Roman Empire and have continued ever since. Common understanding of seafaring peoples.

- Tourism most obvious present day link between Dubrovnik and Britain. Thousands of tourists flocking to Dubrovnik every year from all parts of the world. British tourists a large proportion of these. ~~No sign of declining interest, which is understandable when one has seen Dubrovnik.~~ Beauty of Dubrovnik and fascination of its history will surely continue to attract more and more visitors.

/ Relations



- Relations between Britain and Yugoslavia good across the board. Visit revealed the warmth of those links. Many happy memories of tour through Yugoslavia to be cherished.

- But real strength of relations lies in what is evident throughout Dubrovnik: the free flow and contacts between the British and Yugoslav peoples in which Governments play little or no part.

Conclusion of Visit

- Visit revealed the diversity and rich variety of Yugoslavia, the countryside and the peoples.

- Equally reinforced conviction of strength and purpose of all parts of Yugoslavia to progress along Tito's path.

Toast

- To the future success and prosperity of the City of Dubrovnik and the Yugoslav people. To the further deepening of friendship between Great Britain and Yugoslavia.



Foreign and Commonwealth Office

London SW1A 2AH

15 September 1980

Dear Mr. Deed

Prime Minister's Visit to Greece

You will have already had from the Cabinet Office copies of the briefs for the visit. I now enclose drafts for the statement which the Prime Minister will be expected to make for press and television on arrival at Athens, for her speech at the Greek Prime Minister's dinner on 22 September and, in case they should be needed when the moment comes, for proposing the toasts at President Karamanlis's luncheon on 23 September and the Prime Minister's dinner that evening. I also enclose lists of Points to Make for use at the two tete-a-tete meetings (your letter of 17 June to me).

If you agree, the text of the speech at dinner on 22 September will be released to the press embargoed for time of delivery. Its release is particularly recommended since the Prime Minister will not be giving a press conference in Athens. The first draft of the speech which you saw has been amended on the lines you indicated. You may find it still somewhat 'impersonal' but this may be necessary with a view to its publication.

The Greeks have asked if they could see the text of the speech 2-3 days in advance. If you were able to let me have a final, or near final, text by 19 September, it would be very helpful, particularly as the Embassy will wish to prepare a Greek language version for the press.

If the Prime Minister wished to say a few words in Greek at Athens airport, she might appropriately use the enclosed form of words. It would certainly go down well in Greece. If the Prime Minister decided in favour, Timothy Daunt could advise as necessary on pronunciation.

You will wish to know that the correct formula when proposing a toast, for example, in response to the toast of The Queen is 'His Excellency the President of the Hellenic Republic'.

The Embassy at Athens has been asked informally by a member of Mr Rallis's office whether the Prime Minister would be conveying invitations to either President Karamanlis or Mr Rallis to visit the United Kingdom. As you know, the idea of a State Visit by President Karamanlis has been discussed in

/the

*with MORBA
note of 20/9*

*Filed in
Briefing /
Folder appended
to file.*

*with
MORBA note
of 20/9*



the Royal Visits Committee. An invitation before 1982 seems unlikely to be feasible. Nothing can therefore usefully be said on 22-24 September. As regards Mr Rallis, the Greek Prime Minister will, of course, attend the meeting of the European Council in this country during the United Kingdom Presidency next year. An additional official visit during 1981 would not seem necessary, or indeed feasible. It would seem best that the Prime Minister should refer to the visit for the European Council and should otherwise speak only in general terms about her wish to receive Mr Rallis in London, in effect issuing a general invitation without suggesting dates.

7-22
872

(G G H Walden)

M O'D B Alexander Esq
10 Downing Street

①



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

I apologise for the appalling length of these documents. But a statement on these lines is more or less unavoidable at the end of a visit to a Communist country.

15 September 1980

Dear Michael Can we continue to negotiate on the basis of the UK. draft - i.e. the one on white paper?

And

Prime Minister's Visit to Yugoslavia: Joint Statement

In your letter of 10 July you conveyed the Prime Minister's agreement that a joint statement should be issued at the end of her visit to Yugoslavia. I now enclose the first draft by the Yugoslavs together with our proposed counter draft. The latter necessarily incorporates some of the Yugoslav material. Our draft makes many changes of wording in the Yugoslav one (order of subjects, simplification of language, alteration of nuance, removal of jargon) but the major changes of substance are that we have introduced paragraphs on Afghanistan, Cambodia and the Middle East.

It would be helpful to know as soon as possible whether the Prime Minister is content for us to negotiate, ad referendum to her, a final text on the basis of the enclosed British draft. We shall try to do so before the Prime Minister's arrival in Belgrade but if there is difficulty some points may be left for the delegation to handle on the spot.

I am copying this letter and its enclose to Stuart Hampson (Dept of Trade).

Michael see 2 points
checked.
our ever
GCH

(G G H Walden)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

BRITISH DRAFT

PRIME MINISTER'S VISIT TO YUGOSLAVIA: 24-26 SEPTEMBER 1980
JOINT STATEMENT

1. At the invitation of the President of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia, Veselin Djuranović, the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, Mrs Margaret Thatcher, paid an official friendly visit to Yugoslavia from 24th to 26th September 1980.
2. The discussions between the President of the Federal Executive Council and the Prime Minister were held in a warm spirit of mutual respect, understanding and traditional friendship.
3. During her stay in Yugoslavia Mrs Thatcher was received by the President of the Presidency of Yugoslavia, Cvijetin Mijatovic. They had substantive and constructive discussions on bilateral relations and cooperation, as well as on the current international situation. The Prime Minister also had meetings with other important Yugoslav personalities.
4. The Prime Minister visited the major steel mill being built at Smederevo with the participation of British industry, which is the largest project ever undertaken jointly by the two countries. During her visit to the Socialist Republic of Macedonia, Mrs Thatcher had meetings with the senior leaders of the Republic and visited the Organic Chemical Industry enterprise at Skopje. She also visited Dubrovnik, where she toured places of cultural and historical interest.
5. The President of the Federal Executive Council and the Prime Minister recalled that the friendship between their two countries was founded on the war-time cooperation in which Sir Winston Churchill and Marshal Tito played a central part.

They expressed warm satisfaction at the continuation in recent years of the successful development of relations and cooperation between the two countries.

6. Mrs Thatcher expressed to Mr Djuranovic the sincere condolences of the British people on the death of President Tito, who was widely admired as a great international statesman and a founder member of the non-aligned movement, who had devoted his life to the development of his country and the strengthening of its independence and to international peace and security,

7. The two Prime Ministers recognised the importance of state and political visits between the two countries for the strengthening of mutual understanding and friendship. They agreed that relations had been greatly strengthened by the visits of President Tito to the United Kingdom in 1953, 1971 and 1978 and the visit of Her Majesty Queen Elizabeth II to Yugoslavia in 1972. They noted with satisfaction the increase in visits and cooperation at all levels between the two countries and the expansion of tourism and other forms of contact between the two peoples.

8. The two sides agreed that there was scope for further development of trade and economic cooperation between Yugoslav and British firms and financial institutions. They reaffirmed their commitment to expand economic relations and trade and recognised that the growth of Yugoslavia's exports would be particularly important in ^{increasing} bilateral trade. They agreed that greater efforts should be made to promote other forms of economic cooperation including joint ventures. The British side expressed understanding and support for Yugoslavia's programme of economic stabilisation.

9. The two sides welcomed the new agreement between Yugoslavia and the European Community and agreed that it offered significant opportunities for the broadening and strengthening of economic cooperation between Yugoslavia and the United Kingdom and should contribute to more balanced trade between them.

10. The two Prime Ministers drew attention to the dangers of terrorism and repeated the determination of their Governments not to permit terrorist activities which could adversely affect the friendly relations between the two countries.

11. In discussing international matters, the two Prime Ministers expressed their concern over the serious worsening in recent months of the international situation and the consequent threat to world peace and stability. They stated their conviction that relations between all states must be based on respect for sovereignty, independence and territorial integrity, non-intervention in internal affairs and the inadmissibility of attempts to expand influence through ^{the} threat or use of force. It was agreed that these principles, enshrined in the Charter of the United Nations and the Final Act of the Conference on Security and Cooperation in Europe, are fundamental to a stable and peaceful international order.

12. The two Prime Ministers exchanged views about the situation in various parts of the world. They noted with concern the continuing threat to regional and world peace arising from the situation in Afghanistan. They affirmed their opposition to the use of force to interfere with the independence of other countries and agreed on the need for the withdrawal of foreign forces and a political solution respecting the spirit and principles of the UN Charter.

13. The two sides also expressed concern at the situation arising from the Vietnamese invasion of Cambodia, and reaffirmed their support for a solution based on the principles set out in Resolution No 34/32 of the United Nations General Assembly. In particular, they called on the Vietnamese Government to withdraw its forces and work towards the emergence of a truly neutral and non-aligned Cambodia which can live in peace with all its neighbours.

14. The two Prime Ministers welcomed the emergence of Zimbabwe as an independent internationally recognised State and expressed support for its efforts to strengthen its internal situation. They also expressed full support for efforts towards the achievement of an internationally recognised settlement in Namibia and agreed on the importance of reaching a peaceful solution to the problems of Southern Africa as a whole through active participation of the peoples of the region.

15. The two sides stressed the urgent need for progress towards a just and lasting comprehensive settlement in the Middle East. Such a settlement should ensure the security of all states in the area and enable the Palestinians to exercise their right to self-determination. Both sides favoured all efforts which could contribute to this goal and called for restraint and full commitment to a negotiated settlement by all parties to the dispute. The British side affirmed its commitment to the efforts currently being made by the Nine members of the European Community, and the Yugoslav side expressed appreciation of these efforts.

16. The two Prime Ministers drew attention to the role and activity of the United Nations in the current international situation and advocated its greater participation in the settlement of international problems which concern the

preservation of peace and the strengthening of international cooperation.

17. Bearing in mind the link between international stability and the problems of the developing, and especially the least developed, countries, the two Prime Ministers reviewed the outcome of the recent Special Session of the United Nations General Assembly. They noted with satisfaction the agreement that a round of Global Negotiations should begin in January 1981. The two sides agreed that the developing world faces very serious economic difficulties, particularly in adjusting to the new levels of world oil prices. They agreed that there was an urgent need to find solutions to these problems and they expressed the hope that the Global Negotiations would result in valuable progress to that end.

18. The two Prime Ministers devoted special attention to the complex of problems concerning arms control and disarmament. They agreed that, although recent events had clouded prospects in this area, efforts should continue to implement the results of the first United Nations Special Session on Disarmament. They reaffirmed their commitment to work, in the Committee on Disarmament and elsewhere, for agreement on effective, balanced and verifiable measures of arms control in the nuclear and conventional fields.

19. The two Prime Ministers emphasised the importance of the forthcoming CSCE Review Meeting in Madrid. They noted with concern that implementation of significant aspects of the Helsinki Final Act had been incomplete and agreed that full observance by all signatories of the provisions of the Final Act would improve the prospects for the meeting in Madrid. They expressed the hope that this meeting would conduct an all-round review of implementation and would pave the way for

the negotiation of new confidence building measures which would genuinely enhance security in Europe. In this way, the meeting could best contribute to the strengthening of detente and help to gain recognition that it must be a world-wide process.

20. The President of the Federal Executive Council, Mr Djuranovic, described Yugoslav views of the importance of the policy of non-alignment. He explained the activity of the non-aligned countries in present international conditions and the universality of the aims and principles of the policy of non-alignment, which is being increasingly accepted as a real political concept and a stabilising factor in international relations. The British Prime Minister recognised the important and influential role of the non-aligned movement in international affairs.

21. Mrs Thatcher reaffirmed the United Kingdom's firm support for Yugoslavia's independence, territorial integrity and non-alignment as an essential factor for peace and stability in Europe and the world.

22. The two Prime Ministers expressed their conviction that the continuation of comprehensive, friendly and equal cooperation between the Socialist Federal Republic of Yugoslavia and the United Kingdom represents a concrete contribution to the strengthening of security in Europe in confirmity with the Helsinki Final Act. They agreed that Mrs Thatcher's visit to Yugoslavia will give a new and important stimulus to the strengthening of cooperation between the two countries, both bilaterally and in international affairs.

23. The Prime Minister extended an invitation to the President of the Federal Executive Council to visit Britain. The invitation was accepted with pleasure.

YUGOSLAV DRAFT JOINT STATEMENT

1. At the invitation of the President of the Federal Executive Council of the Socialist Federal Republic of Yugoslavia, Veselin Djuranović, the Prime Minister of the United Kingdom of Great Britain and Northern Ireland, Margaret Thatcher paid an official friendly visit to Yugoslavia from the 24-26 September 1980.
2. The discussions between the President of the FEC Veselin Djuranović and Prime Minister Margaret Thatcher were held in a spirit of mutual respect, understanding and traditional friendship.
3. During her stay in Yugoslavia Prime Minister Margaret Thatcher was received by the President of the Presidency of Yugoslavia, Cvijetin Mijatović. On this occasion the President of the Presidency of Yugoslavia and the Prime Minister of Great Britain, Margaret Thatcher held substantive and constructive discussions on bilateral relations and cooperation, as well as on the current international situation. Prime Minister, Margaret Thatcher also had meetings with other important Yugoslav personalities.
4. Prime Minister Margaret Thatcher visited, in addition to Belgrade, the Steel Mill in Smederevo. During her visit to the Socialist Republic of Macedonia, Margaret Thatcher had meetings with the most important leaders of Macedonia and visited the works of OHIS. She also spent a short time in Dubrovnik, where she visited some cultural and historical sights.
5. In a direct, open and substantive exchange of views both sides described favourably the developments of bilateral relations and reviewed the current international problems which affect peace, security and the strengthening of equal cooperation in the world.
6. The President of the FEC and Prime Minister Margaret Thatcher confirmed the interest of both countries in the continuation and deepening of friendly relations and all-round bilateral cooperation for which there are wide possibilities.
7. In this context they emphasised the lasting significance of the principles of peaceful co-existence, contained in the Charter of the United Nations and in the Final Act of Helsinki, on which their relations are developing in a stable way.

/8. On this basis

8. On this basis they confirmed with satisfaction that differences in internal systems, international positions and in attitudes to certain international questions were not an obstacle to mutual respect, the development of mutually beneficial bilateral cooperation and constructive cooperation over many questions of international relations on which the views of the two countries are similar or identical.

9. They expressed their convictions that the establishment and development of bilateral relations and cooperation on the principles of independence, non-interference, equality, mutual respect and mutual interests, together with historical connections and traditional friendship, represents a solid framework and a guarantee that relations and cooperation between the two countries will be further strengthened and will be enriched with new forms and substance. In this communication they emphasised with deep respect the personal contribution which the leaders of the two countries, Marshall Tito and Prime Minister Winston Churchill made to their war time friendship and the development of relations of mutual respect and equal cooperation in the post-war period.

10. The two Prime Ministers emphasised the importance of the numerous exchanges of state and political visits between the two countries for better mutual acquaintance and the strengthening of mutual confidence. Both sides stated that the visits of President Tito to Great Britain in 1953, 1971 and 1978 and the visit of Her Majesty Queen Elizabeth II to Yugoslavia in 1972 had great significance in the strengthening of the cooperation between the two countries. They also emphasised the usefulness of exchanges of visits and cooperation between representatives of Socio-Political organisations, Political Territorial Units and twinned towns, and of the wide scale of direct contacts between economic organisations, the significant volume of tourist traffic and other forms of contact of connection for bringing together the peoples of the two countries and for expanding the opportunities for the development of all-round bilateral cooperation.

11. Both sides were of the opinion that, as a result of such a favourable development, there had been significant progress in many fields of bilateral cooperation, particularly political,

cultural, educational, military economic, financial, tourist and so on.

12. They agreed in their assessment that the total economic cooperation, particularly in trade, had significantly fallen behind the development of political and other forms of cooperation. They stated that it was in their joint economic and wider bilateral interests that this unsatisfactory situation should be effectively overcome, for which efforts on both sides are required. They emphasised that it was necessary to make more use of modern forms of economic cooperation, in order to exploit more the advantages of the complementary natures of the two economies and of the other possibilities which offer themselves in this field.

13. They were in agreement in assessing the agreement on economic cooperation between Yugoslavia and the EEC offers significant opportunities for the widening and strengthening of economic cooperation between Yugoslavia and Great Britain and expressed their conviction that the exploitation of these opportunities will contribute to a fast reduction of Yugoslavia's deficit and a more balanced economic cooperation between the two countries.

14. The two Prime Ministers drew attention to the dangers of foreign forms of terrorism and repeated the determination of their governments not to permit activities which could threaten the development of good and friendly relations between the two countries.

15. Expressing their anxiety over the serious worsening of the international situation recently, the two Prime Ministers stated that the increasing incidence of foreign intervention and pressures, recourse to force, and even military intervention, the increased arms race and the expansion of military presence in various forms in certain areas of the world, the more dangerous deepening of the gap between the developed countries and the developing countries, the deepening and more complicated nature of world economic difficulties and the failure to solve existing and new crisis centres, are a threat to the independence of many countries, weaken detente and represent an acute threat to the stability of international relations

/and peace

and peace in the world. Expressing themselves in favour of the peaceful solution of disputes between states, to which all countries are bound by the Charter of the United Nations, the two Prime Ministers emphasised that the principles of independence, sovereignty, non-intervention, equal cooperation and international solidarity, must form the basis of international relations and the point of departure for the solution of gathering crises and reduction of tension in relations throughout the world.

16. They expressed opinions about the most important crisis areas, especially in Central Asia, the Far East, South East Asia and in Southern Africa, and they agreed that, in the interests of world peace and the development of equal international cooperation, it is essential that these crisis points find urgent, just, complete and lasting solutions, on the basis of United Nations resolutions and the rights of peoples to freedom, the independent state, self-determination, security and independent internal development.

17. Welcoming the attainment of independence by Zimbabwe and expressing their support for the process of internal consolidation of this newly liberated African country, the two Prime Ministers emphasised the great political and moral obligation of the international community to assist the fastest possible attainment of independence in Namibia. They also expressed their conviction that the conclusion of the process of decolonisation in Southern Africa in a spirit of racial tolerance and equality will contribute to the faster elimination of racism and Apartheid in South Africa, which would be a solid contribution to stability and peace in this region and in the world at large. // 18 Bearing in mind the ever greater link between security and peace in the world and the problems of the development of the developing countries, especially of the least developed, the two Prime Ministers drew attention to the modest results of the UNGSSS on the global negotiations and development must mobilise all countries both developed and developing, to continue constructive efforts for finding urgent and real mutual acceptable solutions for the basic problems of development and mutual relations, on the basis of resolutions and other documents of the United Nations about the establishment of a new international economic order.

/19. The two

19. The two Prime Ministers devoted special attention to the complex of problems concerning the control of arms and disarmament and emphasised the necessity to take urgent and effective measures to stop the present ever more dangerous arms race, which is heightening tension and distrust in international relations and takes away an enormous part of the financial resources necessary for the solution of the problems of development and the construction of more stable and more just international economic and political relations. In this respect they supported the initiatives and proposals which lead to the renewal of a dialogue in the fields of nuclear and classical armament, particularly in Europe, where the greatest concentration of military weapons and potential is. They expressed their support for a faster implementation of the results of UNGSSS of the United Nations on disarmament and for the strengthening and widening of measures for greater military confidence in Europe. //20 The two Prime Ministers drew attention to the significance of the role of activity of the United Nations in the current worsening international situation and supported efforts for its greater participation in the solving of international problems which concern the preservation of peace and increasing equal international cooperation. //21 The two Prime Ministers emphasised that, in the present international circumstances, the Madrid meeting of the CSCE has a special political importance and they expressed their conviction that the work of this meeting will be carried on in a constructive spirit and will contribute to the strengthening of understanding and cooperation in Europe, and the Mediterranean, and to the overcoming of present difficulties in international relations. They drew attention to the need and responsibility of all participants for an all round balanced review of the realisation of the aims of all parts of the Final Act from Helsinki. They emphasised the necessity for this meeting to lead to a strengthening and widening of measures of greater military /confidence

confidence and the starting of the real process of disarmament in Europe. In this way the Madrid meeting would best contribute to the strengthening of detente in Europe and its expansion into a world process, because security and development are inseparable and there are no isolated islands of peace and prosperity.

22. The President of the FEC, Mr Djuranović, described the Yugoslav views of the importance of the policy of non-alignment and explained the activity of non-aligned countries in present day international conditions propounding the universality of the aims and principles of the policy of non-alignment, which is being increasingly accepted as a real political concept and a framework and a stabilising factor in international relations. The Prime Minister, Mrs Thatcher, acknowledged the constructive role and activity of the policy of non-alignment and the non-aligned movement as an independent international factor, whose positive influence on international movements and the solution of international questions was being increasingly felt.

23. The two Prime Ministers expressed their conviction that the continuation of all round friendly and equal cooperation between the Socialist Federal Republic of Yugoslavia and Great Britain represents a concrete contribution of the strengthening of confidence and cooperation and to the strengthening of security in Europe in conformity with the Final Act of Helsinki. They agreed that the visit of Prime Minister Margaret Thatcher to Yugoslavia will give a new and important stimulus to the deepening and widening of bilateral cooperation and to the strengthening of cooperation between the two countries in the international field.



House of Lords

September

11th October, 1980

CONFIDENTIAL

New Prime Minister,

During your visit to Greece, would you please raise with the Greek Prime Minister the question of members of Nea Demokratia (ND) joining our European Democratic Group in the European Parliament? Of the 24 Greek members to be delegated from the national Parliament until their elections take place in 1981, 14 will be members of the ND, and there is a good chance of having them in our Group.

All the Centre Parties are speculating on the chances of the NDs joining them. Both the Gaullists and the Christian Democrats are particularly keen that the NDs will choose them. Alternatively they could sit as Independents or try and get one other M.E.P. to sit with them to form a Group on their own.

The background of our Party relations with them is as follows:

1. On joining the Council of Europe, ND members joined our 'Independent' Group, and not the Christian Democrats or Gaullists.
2. They are observers of EDU, and accept the principles of our Parties set out in the 'Klesheim' declaration. They have not attended the two recent meetings of EDU, because, I was told, of the presence of a Turk and because of the 'bad image' of Strauss in Greece. The PASOK always raise his contact with the 'Colonels' ' regime.
- 3e We had established what were termed 'close but informal relations' with ND when I went out to Greece with Geoffrey Rippon and Nicholas Bethell in July 1978.

. . . / . . .

. . . / . . .

4. Jim Scott Hopkins and I went to Athens in July to test the water and it was clear that no decisions had been taken concerning the Group they would join in the European Parliament but they were certainly interested in our Group. We saw Mr. Rallis, as well as other ministers (Stephanopoulos, Boutos, Kontogeorgis) and it was agreed with the Prime Minister that two members of ND would attend our next Bureau meeting.

5. We held this Bureau meeting on Monday, 8th September, in Athens and two MPs attended (Gontikas and Frangos) who already work with us, the first in the North Atlantic Assembly and the other in the Council of Europe. At the dinner Jim gave that evening, attended by Stephanopoulos, Kontogeorgis, Strategis (from the Ministry of Coordination) and the head of their International Office (Mr. Louys), the existence of close relations between our Parties was confirmed, and it was agreed that ND members will be invited and attend our future meetings, study days, etc.

From this you will see that we stand a good chance of having the 14 ND members with us, which would considerably strengthen our position in the Parliament and I believe would be of great benefit to us and to them. It was indicated that Mr. Rallis will expect to discuss this matter with you during your visit. Jim or I could fill you in with further details should you wish it.

I am sending a copy of this letter to Peter Carrington, to Peter Thorneycroft and to Jim.

With all best wishes

Love ever

Jimna.

The Rt.Hon. Margaret Thatcher, M.P.,
Prime Minister,
10, Downing Street,
London S.W.1.

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Text submitted.

F. Arthur

Foreign and Commonwealth Office

London SW1A 2AH

11 September 1980

Prime Minister.

Dear Michael

The Yugoslavs will not expect an interesting or amusing speech. They will want some ^{things} serious & weighty. I should be grateful if you would look through this & consider whether you think it is on the right lines.

PRIME MINISTER'S VISIT TO YUGOSLAVIA: SPEECH

You asked to see as soon as possible a draft of the Prime Minister's speech at the dinner to be given in her honour by the Yugoslav Prime Minister on 24 September. I enclose a draft together with a draft of the arrival statement which Mrs Thatcher is to deliver at Belgrade Airport. These have been provisionally cleared with other departments; if further amendments are suggested, I shall let you know. We have not included any explicit reference to recent developments in Eastern Europe (i.e. Poland); the situation is too uncertain and Yugoslav sensitivities are too acute for it to be sensible to propose any draft formulae at this stage, though the message is implicit in the passage on Afghanistan.

Yours ever

Michael Arthur

M A Arthur

M O'D B Alexander Esq
10 Downing Street

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PRIME MINISTER'S VISIT TO YUGOSLAVIA:

SPEECH FOR DINNER BY THE CHAIRMAN OF THE FEDERAL EXECUTIVE COUNCIL, MR DJURANOVIC, ON WEDNESDAY 24 SEPTEMBER 1980

Mr Chairman,

I am ~~very~~ ^{most} grateful to you and to the Yugoslav Government for inviting me to visit your country. Today marks a significant step forward in Anglo-Yugoslav relations. For, although I have visited Yugoslavia before, and despite the numerous exchanges of visitors between our two countries at a high level, this is the first official visit to Yugoslavia by a British Prime Minister in office.

This does not of course ~~detract from~~ ^{reflect on} the excellent relations which have existed between our two countries for so long. Cooperation between Yugoslavia and Britain is rooted in the history and common interests of our peoples and in their friendship and respect for each other. They have shown their willingness to sacrifice their lives together in the common cause of independence. Staunch allies in wartime, Yugoslavia and Britain have become warm friends in peace and have established close ties in all areas of their relations.

I wish today to emphasise our desire to maintain and strengthen these bonds of friendship. I also want to reaffirm the value we place on the continuing unity, independence and territorial integrity of Yugoslavia and our respect for its non-aligned role in world affairs. I hope that my visit will give a further impetus to relations between our two countries and I greatly look forward to seeing other parts of Yugoslavia and the opportunity this will give me to gain a deeper understanding of its peoples and their achievements.

We have today enjoyed a first round of useful and stimulating talks in which we shared ideas on a number of important issues facing our two countries in the world today. As I expected, there was much on which we could agree. And where we did not see ~~exactly~~ eye to eye, each of us fully understood and respected the other's views. I have certainly ~~profited~~ ^{gained valuable insight and} ~~from~~ ^{and look} ~~this exchange.~~ ^{my} I ~~now~~ look forward to further discussions both ~~here in Belgrade and in the other parts of Yugoslavia~~ ^{during my visit.} I shall be ~~visiting~~ during the next two days.

I would like this evening to pay tribute to your late President, whose funeral I and a distinguished group of my countrymen attended just a few months ago. President Tito was deeply admired and respected worldwide, ^{but he was held} ~~and~~ in particular ^{regards} by the British people. He was for us not only a symbol of Yugoslavia and of the courage and love of freedom of its peoples, but also of the tireless energy and determination with which, under his leadership, the Yugoslav peoples have built up their modern state. I remember vividly my meeting with President Tito in 1977, ~~and I feel honoured to have been able to profit from his wisdom and understanding of international affairs.~~

From what I have already seen and heard since I arrived here, it is clear that President Tito was ~~also~~ gifted with remarkable foresight. The arrangements ^{which} you made, under his guidance, have ensured that Yugoslavia has passed, in unity and stability, through the period following his loss. Your success fills us with confidence that, in the coming years, you will continue to safeguard and develop ^{President Tito's} ~~the~~ ~~precious~~ legacy bequeathed by your late President of a strong and independent Yugoslavia.

It was thanks to his efforts that the Yugoslavia of today enjoys a unique position in the world. It is respected

as a truly non-aligned country ~~which makes every effort to~~
^{bridging}
~~bridge~~ the divisions between East and West and North and South. My first visit to Yugoslavia took place at the time when the follow-up meeting to the Conference on Security and Cooperation in Europe was being held in Belgrade. My present visit comes during the 21st General Assembly of UNESCO which opened this week at the same conference centre in your capital. These, Mr Chairman, are not simply coincidences. They are evidence of Yugoslavia's continuing work for peace and cooperation in the broadest sense and with all countries, great or small, on the basis of full equality and independence.

~~This is why~~ I ^{Vividly} recall the concern expressed by President Tito, when he was already seriously ill, at the growing deterioration in international relations. He was very much aware of the threat this involved to world peace and of the need to take urgent action if detente was to be preserved.

The world community has been particularly concerned ~~about the worsening of the international situation which~~
^{about}
~~resulted from~~ the invasion of Afghanistan. That action demonstrated complete disregard for the independence and aspirations of a vulnerable neighbour. It has gravely undermined the climate of international trust which is essential if we are to build a more constructive relationship between East and West. The invasion was also a denial of the Principles enshrined in the Helsinki Final Act ~~and~~ ^{this} ~~must not~~ ^{the Plenary Session of which is} ~~cannot~~ be ignored at the second Review Conference, ^{due to} start in Madrid later this year.

^{In the search for a peaceful settlement,}
 Britain and its partners in the European Community ^{proposed} ~~have suggested that the situation could be satisfactorily resolved through an arrangements permitting Afghanistan to return to its traditional /~~

We deplore such interference in the internal affairs of an independent ~~country~~ ^{where} ~~and~~ ^{the spurious} ~~arguments by~~ ^{which} ~~the~~ ^{has been} ~~interventions~~ ^{justified.}

neutrality and non-alignment. We are ready to examine other proposals for a settlement providing for the complete withdrawal of foreign forces from Afghanistan and freedom for the Afghan people to determine their own future.

Recent international events have underlined the need for independent countries to have adequate defences. For a country like Britain to think otherwise - to weaken in its resolve to deter aggression - ~~can~~^{would} only undermine the cause of peace and international stability. At the same time we shall press ahead with our efforts to achieve a genuine increase in security through ^{the} negotiations ^{of} on balanced and verified ^{are} ^{ed} measures ^{of} on arms control. I am glad that negotiations between the United States and the Soviet Union on Theatre Nuclear Forces in Europe are likely to begin soon. We shall continue to work for progress in the Vienna talks on Mutual and Balanced Force Reductions and in the negotiations in Geneva for a Comprehensive Nuclear Test Ban.

It is Britain's policy to help to strengthen the ability of states everywhere to uphold their independence and reduce their vulnerability to outside interference. This requires the reduction of tension wherever it exists. The settlement in Zimbabwe was one example of the elimination of a dangerous situation through negotiations. The Nine countries of the European Community recently took an initiative to maintain momentum in the search for a comprehensive settlement in the Middle East. Britain continues to cooperate in efforts to reach a negotiated settlement in Namibia.

World economic problems also require urgent attention. The developed countries as a whole are fighting the problems of inflation and sharply higher energy costs. The developing countries face balance of payments deficits which

My Government
has ^{therefore} recently
taken for reaching
decisions to
reinforce our
ability to protect
ourselves against
the long-term threat
in Europe.

~~threaten their economic future. (The first priority For all~~
threaten their economic future. For all of us, the first priority is to fight inflation and thereby to create the conditions essential for healthy growth. This approach is dictated by the needs of the international community as a whole. Without the defeat of inflation, the capacity of the developed countries to give aid will be reduced; and the value of the aid which they do give will be diminished. Without the defeat of inflation, there will be no sustained growth, and no sustained expansion in the volume of international trade.

But Britain also recognises, of course, that this battle cannot be won overnight and that many developing countries especially the poorest, need immediate help. Britain will ^{continue to} play her part here; and so, I am sure, will the other developed countries of the West. But we are ^{entitled} ~~criticised~~ to look to those with large financial surpluses to make a major contribution. What is needed is a cooperative endeavour, directed towards those most in need and based on a common assessment of where the need is greatest.

Mr Chairman, respect for other countries' independence and determination to work for world peace are among the many things which Britain and Yugoslavia have in common. They are the foundation of the close and friendly relations between our two countries. There are happily no points of dispute between our Governments to distract us from developing our cooperation over as wide a range of activities as possible.

Representatives of our two countries are engaged, at many levels, in consultations on key international problems. Let us develop such exchanges still further. Let us also increase our commercial and economic cooperation.

In April of this year, Britain signed the new cooperation Agreement between the European Community and Yugoslavia. This ^{Agreement} showed our determination, together with ^{as well as} ~~together with~~

threaten their economic future. ~~The first priority~~ For all of us is to combat inflation at home and to create the conditions essential for growth without inflation. This approach is not dictated by self-interest alone. A sound economy is the only basis for a substantial aid programme. The resumption of economic growth will enlarge the trading opportunities for developing countries, whose earnings from trade are ten times their receipts from aid.

But Britain also recognises, of course, that developing countries need help if they are to overcome their very serious economic problems. Concerted action by the international community is required. I hope that we shall all rise to the challenge to help those in need and to adapt to the economic conditions. The United Kingdom is determined to play its part in the United Nations and in international economic and financial institutions. We know from experience how valuable the role of Yugoslavia in these organisations has been and we look forward to working with you in the future.

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In April of this year, Britain signed the new cooperation Agreement between the European Community and Yugoslavia. This ^{Agreement} showed our determination, together with ^{as well as}

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that of our partners, to increase commercial ties with your country. It was also a symbol of the Community's determination to remain an outward looking group, fully conscious of the importance of its relations with all parts of Europe.

In June, we welcomed to our country your Minister for Foreign Trade, Mr Rotar. We are confident that from his visit will come new ideas and a fresh impulse for expanding your exports to Britain. For, like you, we realise that our total trade can grow only if it is soundly balanced.

Our cultural relations are developing well. This evening, I had the pleasure of opening in Belgrade a major exhibition of English silverware. This event is only one of a number of attractive cultural events and exchanges between our two countries.

But, important as all these official contacts are, the particular strength of our relations lies in the freedom of our peoples to visit each other's countries and in the direct contacts which individuals and institutions are themselves establishing outside the framework of official Government agreements. I am glad that thousands of our tourists enjoyed your splendid summer by the Adriatic. I am myself looking forward to visiting Dubrovnik.

Mr Chairman, I have spoken of President Tito's outstanding achievements and of the legacy which he has left not only to Yugoslavia but also to other countries. In continuing along his path, I am convinced that Yugoslavia will make still further progress. This is guaranteed by the strength which Yugoslavia derives not only from its international position, but also from the unity which you have created out of the diversity of your country and the readiness of your peoples to defend their independence.

I am looking forward with particular pleasure to my visit tomorrow to a conspicuous example of Anglo-Yugoslav industrial cooperation at Smederevo.
Smederevo.

I would like to raise my glass to you, Mr Chairman, to the prosperity of the Yugoslav people and to the continuing friendship and cooperation between Yugoslavia and Britain.

PRIME MINISTER'S VISIT TO YUGOSLAVIA: ARRIVAL STATEMENT

Mr Chairman

I am very pleased to be here. Although this is my third visit to Yugoslavia, it is the first official one by a British Prime Minister. I intend that it should mark a step forward in ~~our~~^{our} relations.

It was, as you know, only a few months ago that I came to Belgrade with a distinguished and representative group of my countrymen to take part in the sad ceremony of farewell to your late President. Among them were former members of the British Military Mission, who served with the partisans at Tito's side and who came to Belgrade to pay their last personal respects to him.

None of us who were present will forget that occasion when leading personalities from all over the world gathered in Belgrade to pay tribute to one of the greatest leaders of modern times.

For President Tito was, indeed, a great statesman. He knew that the lifeblood of politics is the link between the people and their representatives. He believed in a united and independent Yugoslavia. He had also the courage and determination to realise this belief in the darkest days of the War when the difficulties were enormous and exceptional qualities of leadership were required. After the War, he resolutely led the Yugoslav people in safeguarding the independence they had won at such a high cost.

In this way, your late President set an example to other countries by showing that a country like Yugoslavia can be independent if it is sufficiently determined to be so.

/It

It was not surprising ^{keeping} that he contributed so much to creating the Non-Aligned Movement, of which he is rightly regarded as one of the founding fathers.

~~From him~~
 Mr Chairman, President Tito has left you a great legacy. You have inherited a strong, united, independent and non-aligned country, which enjoys the respect of nations ^{of all persuasions} and in particular the warm admiration of the United Kingdom. In its internal affairs, your country is guided by the essential principle that the people are the only reliable basis of good government; its external affairs, by the equally deep conviction that relations with all other countries, great or small, must be based on equality and independence and that no foreign ^{power} ~~force~~ has the right to determine the policies of others.

We respect the way in which Yugoslavia has pursued its policy to true non-alignment. We have closely followed the efforts made by your representatives to keep ^{the} ~~this~~ ^{Non - Aligned Movement} ~~important and powerful movement~~ on its original path and to prevent its basic principles being frustrated.

I have been looking forward to my visit here. There is much to discuss and much ~~ch~~ to see. I am interested to hear more of the measures you are employing to further your internal development in the face of difficult economic problems, many of which also affect my country. I would also like to discuss with you ideas on how we can contribute to resolving the sources of tension now confronting us in different parts of the world.

I bring to you, Mr Chairman, and to all the people of Yugoslavia, the best wishes of the British people and our admiration for all you have done and are doing to create a

better life for your people and to help others to live more prosperously and in peace. Thank you, Mr Chairman.

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FM BELGRADE 111325Z SEP 80

TO PRIORITY FCO

TELEGRAM NUMBER 262 OF 11/9/80

AND ROUTINE TO ATHENS

SAVING TO SOFIA AND MOSCOW.

YOUR TEL NO 167: PRIME MINISTER'S VISIT.

1. I CONSIDER IT UNLIKELY THE YUGOSLAVS WOULD, AS THE GREEKS ARE SUGGESTING, SEEK TO EXPLOIT THE PRIME MINISTER'S PRESENCE IN SKOPJE TO ADVANCE THEIR POSITION ON THE MACEDONIAN QUESTION, MORE SPECIFICALLY ON THE POSITION OF THE QUOTE MINORITIES UNQUOTE IN GREECE OR BULGARIA.

2. IF I SPOKE TO MELOVSKI, AS YOU SUGGEST, HE MIGHT WELL REACT SHARPLY SAYING THAT THE YUGOSLAVS WOULD CERTAINLY DO NOTHING WHICH MIGHT EMBARRASS MRS THATCHER DURING HER VISIT. IN ANY CASE, HER SHORT STAY IN SKOPJE WAS NO CONCERN OF THE GREEKS (OR FOR THAT MATTER OF THE BULGARIANS) AND HE PERSONALLY FOUND IT DIFFICULT TO UNDERSTAND WHY I HAD RAISED THE MATTER WHEN WE HAD AGREED THAT MRS THATCHER SHOULD VISIT THE REPUBLIC OF MACEDONIA.

3. IN THESE CIRCUMSTANCES, MY INCLINATION WOULD BE TO TAKE NO ACTION WITH THE YUGOSLAVS AT THIS STAGE BUT TO AGREE WITH THE ADVISE YOU PROPOSE GIVING TO THE PRIME MINISTER PERHAPS ADDING, AS I DO WHEN DISCUSSING MACEDONIA WITH THE YUGOSLAVS, ONLY THAT HER MAJESTY'S GOVERNMENT HOPE THAT NO COUNTRY WOULD TAKE ANY ACTION WHICH MIGHT IN ANY WAY DISTURB THE PRESENT STABILITY IN THE BALKANS.

4. FCO PLEASE PASS SAVING TO SOFIA AND MOSCOW.

BOLLAND

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NEWS D

PS/LPS

PS/MR BLAKER

MR BULLARD

MR FERGUSSON

[COPIES SENT
NO 10 DOWNING ST.]

[REPEATED AS
REQUESTED]

THIS TELEGRAM
WAS NOT
ADVANCED

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FROM FCO 101300Z SEPTEMBER 1980

TO BELGRADE

TELEGRAM NUMBER 167 OF 10 SEP

REPEATED ROUTINE TO ATHENS: SAVING TO: SOFIA AND MOSCOW.

PRIME MINISTER'S VISIT

1. THE GREEK AMBASSADOR AND A SENIOR OFFICIAL IN ATHENS HAVE MENTIONED TO US THAT THE GREEKS HAVE NOTED THAT THE PRIME MINISTER IS TO VISIT SKOPJE. THEY HAVE HINTED AT CONCERN THAT NOTHING SHOULD HAPPEN WHICH WOULD CUT ACROSS GREEK VIEWS ON THE SO-CALLED MACEDONIAN QUESTION.

2. WE PROPOSE TO BRIEF THE PRIME MINISTER TO REPLY TO ANY REMARKS ABOUT THIS DURING HER VISIT TO GREECE BY SAYING THAT THE INCLUSION OF SKOPJE, A MAJOR YUGOSLAV CITY, IN HER VISIT TO YUGOSLAVIA WAS AT THE SUGGESTION OF THE HOSTS AND IMPLIES NO BRITISH POSITION ON ANY MACEDONIAN QUESTION. WE PROPOSE ALSO TO RECOMMEND THAT A SIMILAR LINE SHOULD BE TAKEN IN REPLY TO ANY QUESTIONS FROM THE PRESS ABOUT THE SIGNIFICANCE OF THE PRIME MINISTER'S VISIT TO SKOPJE. IF THE YUGOSLAVS EXPOUND THEIR VIEWS ON THE MACEDONIAN QUESTION TO THE PRIME MINISTER, WE THINK MRS THATCHER SHOULD BE ADVISED MERELY TO TAKE NOTE AND ADD THAT THE UK OF COURSE TAKES NO POSITION ON THESE MATTERS.

3. ON THE OCCASION OF THE EXHIBITION 'DAYS OF MACEDONIAN CULTURE' IN BRITAIN IN NOVEMBER 1979, THE GREEKS COMPLAINED ABOUT A MAP SHOWING MACEDONIAN POPULATION NOT ONLY IN YUGOSLAVIA BUT ALSO IN GREECE AND BULGARIA. WE DOUBT THAT THE YUGOSLAVS WOULD TRY ANY PLOYS OF THIS TYPE, EG., PHOTOGRAPHING THE PRIME MINISTER AGAINST THE BACKGROUND OF SOME SUCH MAP, DURING THE VISIT TO SKOPJE. BUT WE THINK IT WOULD BE A SENSIBLE PRECAUTION, UNLESS YOU SEE OBJECTION, IF YOU WOULD SAY TO THE MFA AT SENIOR LEVEL THAT WE ARE CONFIDENT THAT THE YUGOSLAVS WILL NOT ALLOW ANY ACTIONS, SUCH AS PUBLICITY, WHICH MIGHT SUGGEST THAT BRITAIN TOOK A POSITION ON THE MACEDONIAN QUESTION. YOU MAY ADD THAT THIS IS PARTICULARLY IMPORTANT BECAUSE THE PRIME MINISTER WILL OF COURSE HAVE VISITED GREECE BEFORE YUGOSLAVIA.

CARRINGTON

LIMITED
EESD
SED
NEWS D

PS/LPS
PS/MR BLAKER
MR BULLARD
MR FERGUSSON

COPIES SENT TO
No 10 DOWNING STREET

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RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

8 September 1980

Dear Michael,

PRIME MINISTER'S VISIT TO GREECE

As requested, I enclose copies of the uncleared drafts of the speech which the Prime Minister is to make at Mr Rallis's dinner for her in Athens on 22 September, and of the statement to the press on arrival at Athens. *Those for Belgrade will follow as soon as possible.*

I would be helpful if you could give us comments, or instructions, *f*or redrafting by mid-morning on 11 September so that we can include final drafts of the speech and statement as annexes to the briefs which we are due to send to Cabinet Office on 12 September.

You may wish to discuss the drafts direct with Timothy Daunt (233 4031).

4432

*Yours ever
S J Gomersall.*

S J Gomersall

M O'D B Alexander Esq
10 Downing Street

RESTRICTED

STATEMENT TO PRESS ON ARRIVAL

It is with very real pleasure that I am making the first visit to Greece by a British Prime Minister since Mr Macmillan came here in 1958. The interval has been far too long, given the very close ties between our two countries and the multitude of interests which we have in common. [There is little need to speak of our mutual friendship: it] is legendary. That it continues is shown by the warm welcome I have just received. I have come in the hope of strengthening it still further and showing the importance which I attach to Greece and to Greece's friendship for Britain on the eve of your entry to the European Community.

My visit is at the invitation of your Prime Minister. Mr Karamanlis invited me when he came to London last year and Mr Rallis was good enough to renew the invitation. The main business of the visit will be the talks with him and his colleagues and a meeting with President Karamanlis. These will be talks between friends, particularly useful in preparing the way for a close and harmonious working partnership in the European Community.

European affairs and [the effects of] Greece's accession on 1 January will, of course, be one of the important subjects we shall want to discuss while I am in Athens. I shall be stressing my Government's firm commitment to the Community and I shall be looking forward to hearing what ideas your Government has for improving and strengthening it.

I hope also to discuss with Mr Rallis other international and regional issues of concern to us all in the West and to the NATO alliance in particular. I shall, for example, want to learn your Government's views on the

/implications

implications of recent events in Poland and Russian actions in Afghanistan. I hope that Mr Rallis will bring me up-to-date over the questions of renewed Greek participation in the military structure of NATO.

We shall, of course, be reviewing the full range of relations between our two countries. And I shall want to see what possibilities exist for strengthening our trading links and how British and Greek industry - and consumers - are likely to benefit from the changes which will follow from Greece's accession to the European Community.

DRAFT SPEECH BY THE PRIME MINISTER AT MR RALLIS'S OFFICIAL
DINNER ON 22 SEPTEMBER

To come to Greece for the first time is a moving experience. To come as Prime Minister of an allied country, and as a friend, to the sort of welcome which I have received is doubly so. I am grateful to you Mr Prime Minister, to your Government and to the Greek people for your overwhelming hospitality and friendship.

Greek civilisation has been an inspiration to the whole of Europe; but Greece is also a modern European nation to whose establishment and progress my countrymen have made a great contribution, from the Philhellenes of the War of Independence - I need only mention Byron - to those new Philhellenes who fought alongside Greeks in the mountains in the last war.

We have much in common. We are both of us outward looking nations and trading nations. We understand, both of us, the sea and ships. Our combined experience in these and other fields can be of value to the family of European nations and can influence the development of European policies.

[We in Britain have watched with admiration your recovery from a difficult, [arduous] period of seven years of military rule.] We have welcomed your accession to the European Communities from the start because we support the strengthening and enriching of a Europe of free and democratic countries. The basic principle of the Community must be liberty, and that is something you hold dear.

We look forward to closer and transformed political and commercial links with Greece as a result of your membership of the Communities. I say political because the European

Communities are not just an economic grouping but a profoundly exciting political experiment. The political cooperation which is a feature of the activities of the Nine is something of importance and growing success. More and more, Europe is learning to speak with one voice on the great issues of our time.

The accession of Greece on 1 January 1981 will not only enrich the Community, it will bring the specific benefits of your particular knowledge and experience of the Balkan peninsula and its affairs, and your particular angle of vision towards the Middle East.

Mr Prime Minister, despite difficulties, it is right to speak of a European success story. Who would have dreamed in 1945 when Europe lay in ruins after the most devastating war in history that 35 years later the economic weight of this group of nations would be so vast: 17% of total world trade compared with the 14% of the USA and 2% of the Soviet Union. And who would have guessed that these nations would be able swiftly to put aside the struggle of centuries in order to form a community which could make that weight felt, for purposes of peace and prosperity, in the world at large?

But if we look outside Western Europe we see a world more dangerous and unsettled than perhaps at any moment since the 1940s. We see a power - the Soviet Union - which, whatever one's analysis of Soviet reasons and intentions, has in fact expanded its area of control, through the invasion of Afghanistan, in an intolerable way - intolerable not just to the West but to Islamic countries and many of the non-aligned. We see also instability in Iran and in the Middle East and other parts of the world.

/Individually

Individually and together with our partners we have ways of making our views known and influence felt. But of course we need more than that. If peace is to be preserved, we need an effective defensive alliance. It exists. In NATO we have an alliance that has served us well in preserving the peace of Europe. It provides a framework within which each of us can plan his defence, and together meet the challenges we face. So it is all the more disturbing to the friends of Greece that problems remain unsolved which weaken the cohesion of the Alliance at its southern flank. I attach a high importance to the Greek Government's

X We, like you, have a keen and direct interest in the stability of the Eastern Mediterranean and I know that you will welcome, as I do, the resumption of inter-communal talks in Nicosia under the auspices of the Secretary-General of the United Nations. It is only if both communities can find a way of living together that harmony can be restored to that unhappy island, and I hope that you share my concern that the difficult decisions will be taken so that a satisfactory compromise solution can be reached,

visible menace to the balance of forces between east and west. I welcome that determination and I firmly believe that Britain has an important part of ^{to} play in its realisation - both in supplying equipment and by encouraging closer bilateral cooperation between our armed forces and yours.

/We

Individually and together with our partners we have ways of making our views known and influence felt. But of course we need more than that. If peace is to be preserved, we need an effective defensive alliance. It exists. In NATO we have an alliance that has served us well in preserving the peace of Europe. It provides a framework within which each of us can plan his defence, and together meet the challenges we face. So it is all the more disturbing to the friends of Greece that problems remain unsolved which weaken the cohesion of the Alliance at its southern flank. I attach a high importance to the Greek Government's declared wish to return to the military structure of NATO, and to General Rogers's efforts to find a solution which will permit this. A solution is necessary both for Greece's sake and for that of the rest of us in the Alliance, to which the strength of NATO's Southern flank is vital. I cannot comment on the details of a solution. But I would wish to stress that ^{membership of} NATO remains in my view the only safe ^{basis on} ~~haven from~~ which to face those external dangers to which I referred, ~~and which, because they seem geographically remote, are sometimes unjustifiably neglected.~~

And let me add this. Your determination that your armed forces should be equipped with modern, effective armaments must be saluted in a world in which the Soviet Union's massive increase in military strength is now a visible menace to the balance of forces between east and west. I welcome that determination and I firmly believe that Britain has an important part of ^{to} play in its realisation - both in supplying equipment and by encouraging closer bilateral cooperation between our armed forces and yours.

/We

We in Britain have always been drawn by the magnetic cultural force of Greece. We have not been so aware until recent years of Greece as a modern, expanding market economy in which Britain has a large contribution to make. But we are putting that right. The presence here this year of two large delegations, one from the London Chamber of Commerce and Industry and the other from the City of London, proves that. We believe that Britain can make a major contribution to your economic development in such fields as transport, electronics, port development, hospitals; and through the provision of financial services and consultancy. [Possible reference to coal-fired power station if contract signed during visit]

Of course, there are opportunities in the other direction too - opportunities for example for your agricultural products. Two of my colleagues, Mr Nott and Mr Walker, will be coming here soon. Their visits will help to identify the opportunities and promote our mutual trade.

Mr Prime Minister, it should not be forgotten that the Greek historians and geographers of the ancient world were among the first, literally, to put Britain on the map of Europe. From the world^k of Ptolemy in Alexandria, about 140 AD, we can derive the first reasonably accurate map of Britain: to Strabo and Diodorus Siculus, writing not long after the Roman invasion, we owe some of our very earliest information about the customs and the characteristics of the British isles. Both writers remark upon the simple, even barbarian, manners of the inhabitants, and upon the inclemency of the British climate. 'Their weather' says Strabo 'is more rainy than snowy; and on the days of clear sky fog prevails so long a time that throughout a whole day

/the sun

the sun is to be seen for only three or four hours round about midday'. As you will know, the British way of life has changed for the better since Strabo wrote; and it is a most welcome surprise to learn that our weather seems to have improved too.

Since those far-off times, our two nations have learnt a great deal more about one another. Now in our turn we welcome you to the European Community, and look forward eagerly to a long and fruitful cooperation and to the development of ever closer ties of understanding and friendship between our peoples.

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PRIME MINISTER'S VISIT TO GREECE

22-24 SEPTEMBER 1980

1. STEERING BRIEF: ANNEXES ON:
 - a. Anglo-Greek Relations
(including defensive brief on student fees)
 - b. Greece: Internal
 - c. Greek Foreign Policy
 - d. Personalities
 - e. StatisticsBrief by Foreign & Commonwealth Office
2. COMMERCIAL RELATIONS
Brief by Department of Trade
3. EUROPEAN COMMUNITY QUESTIONS (INCLUDING
RESTRUCTURING, ENLARGEMENT, IMPORT CONTROLS,
TEXTILES AND POTATOES)
Brief by Foreign & Commonwealth Office
4. EASTERN MEDITERRANEAN QUESTIONS
Brief by Foreign & Commonwealth Office
5. INTERNATIONAL AFFAIRS
Brief by Foreign & Commonwealth Office
6. PRIME MINISTER'S MEETING WITH MR. PAPANDREOU
Brief by Foreign & Commonwealth Office
7. COUP IN TURKEY
Brief by Foreign & Commonwealth Office

*Briefs PMVB (80) 1-7
are preserved in CAB 133/505.
This set destroyed.*

*Wayland
18/3/10*

PRIME MINISTER'S VISIT TO GREECE

TETE-A-TETE WITH MR RALLIS: 1800, 22 SEPTEMBER

POINTS TO MAKE (Paras 4-5 of steering brief)

INTERNATIONAL ISSUES (Brief 5)

1. (a) Afghanistan: keep up the pressure, including in UN. Support Islamic countries' lead. But dislike Pakistan's conference proposal.
- (b) Poland: continuing concern.
- (c) Middle East: hope Greece can align more with the Nine. Protective cover of common positions very useful. Should take opportunity of EC Accession to regularise relations with Israel - chance will not recur.

EUROPEAN COMMUNITY (Brief 3)

2. Welcome accession. Hope Greek views on restructuring will be close to ours - essential to reduce surpluses.

EASTERN MEDITERRANEAN QUESTIONS (Brief 4)

3. (a) Greek military reintegration urgent for all of us. Will need flexibility on both sides. What are prospects post-Turkey coup?
- (b) Turkey: too early to judge implications. Strong government may be less rigid over East Mediterranean problems.

COMMERCIAL RELATIONS (Brief 2)

4. Important that UK should have reasonable share of Greek public sector contracts.

PRIME MINISTER'S VISIT TO GREECE

TETE-A-TETE WITH PRESIDENT KARAMANLIS: 1245, 23 SEPTEMBER

POINTS TO MAKE

INTERNATIONAL ISSUES (Brief 5)

1. (a) Afghanistan: keep up the pressure. Support Islamic countries' lead.
- (b) Poland: continuing concern.
- (c) Middle East: important that Greece align more with the Nine.
- (d) Balkans: welcome your initiatives on Balkan cooperation.
Prospects for more?

EUROPEAN COMMUNITY (Brief 3)

2. Welcome accession. Look forward to working closely; many common interests.

EASTERN MEDITERRANEAN QUESTIONS (Brief 4)

3. Greek military reintegration even more important than when we last met. Will need flexibility on both sides. Prospects?
Hopes that stronger Turkish Government may be less inflexible.

POINTS TO AVOID

Commercial lobbying.

PRIME MINISTER'S VISIT TO YUGOSLAVIA

24-26 SEPTEMBER 1980

1. STEERING BRIEF: ANNEXES ON
 - a. Anglo-Yugoslav Relations
 - b. Yugoslavia: Internal Situation
 - c. Yugoslav Foreign Policy
 - d. Yugoslavia - Basic Statistics
 - e. Personality notes
2. EAST/WEST RELATIONS (INCLUDING AFGHANISTAN, POLAND AND CSCE)
3. CHINA
4. MIDDLE EAST
5. NON-ALIGNED MOVEMENT
6. INTERNATIONAL ECONOMIC PROBLEMS
7. NON-PROLIFERATION AND DISARMAMENT
8. SOUTHERN AFRICA
9. EUROPEAN COMMUNITY/YUGOSLAVIA
10. BALKAN AFFAIRS
11. POLITICAL RELATIONS
12. ANGLO-YUGOSLAV TRADE AND ECONOMIC RELATIONS
13. DEFENCE MATTERS
14. NOTE FOR CALL ON PRESIDENT MIJATOVIC
15. CAMBODIA
16. COUP IN TURKEY

*Briefs PMVC(80)1-16
are preserved in*

All briefs by F.C.O.

*CAB 133/506. This set
destroyed. (A)Wayland
18/3/10*

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ACTION

Handwritten signature

Cabinet Office,
Whitehall,
London, SW1

1st September, 1980

PS(80) 20

Dear Private Secretary,

Prime Minister's Visit to Yugoslavia: 24th-26th September 1980

This letter sets out the briefing arrangements for the Prime Minister's visit to Yugoslavia on 24th-26th September 1980.

The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note the Prime Minister's wishes on the structure of briefs, contained in (b) of Annex C.

75 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and in any event to arrive no later than 12.00 noon on Friday 12th September. They should be addressed to Mrs. M. Wagner in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Brian Cubbon, Sir Douglas Wass, Sir Peter Carey, Sir Frank Cooper, Sir Brian Hayes, Sir Kenneth Clucas, Sir Donald Maitland, Sir Kenneth Couzens and Mr. Robin Ibbs, and to Michael Alexander, No. 10.

Yours sincerely,

(Signed) B.G. HILTON

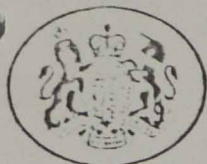
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Visit to Yugoslavia

British Objectives

These are -

- (a) to demonstrate the importance we attach to Yugoslavia and our continuing support for Yugoslavia's independence and non-alignment;
- (b) to promote our bilateral relations (including our trade relations) and establish a good working relationship with Yugoslavia's new leaders;
- (c) to influence the Yugoslavs on international questions of importance to us and encourage them to continue to exert a helpful influence, especially in the non-aligned movement and in the "neutral and non-aligned" group at the coming Madrid Conference.



VISIT TO YUGOSLAVIA

PRESUMED YUGOSLAV OBJECTIVES

Yugoslav objectives are likely to be:

- (a) to enhance the international and domestic standing of the new leadership;
- (b) to establish a dialogue with Britain at the highest level;
- (c) to win support for their economic policies and help in redressing their trade imbalance with the United Kingdom;
- (d) to influence us on key international economic and political issues particularly those of most concern to the European neutrals, the non-aligned movement and the third world.

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ANNEX B

LIST OF BRIEFS FOR THE PRIME MINISTER'S VISIT TO YUGOSLAVIA
24th-26th SEPTEMBER 1980

<u>PMVC(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief: Annexes on:	FCO	as appropriate
	(a) Anglo-Yugoslav Relations		
	(b) Yugoslav Internal Situation		
	(c) Yugoslav Foreign Policy		
	(d) Statistics Annex		
	(e) Personalities		
<u>International Questions</u>			
2.	East/West Relations (including Afghanistan, France and CSCE)	FCO	as appropriate
3.	China	FCO	as appropriate
4.	Middle East (including Iran and Arab/Israel)	FCO	as appropriate
5.	Non-aligned Movement	FCO	as appropriate
6.	International Economic Problems (including those of developing countries)	FCO	as appropriate
7.	Non-proliferation and Disarmament	FCO	MOD Cabinet Office
8.	Southern Africa	FCO	as appropriate
<u>Regional Questions</u>			
9.	European Community/Yugoslav Relations	FCO	as appropriate
10.	Balkan Affairs	FCO	as appropriate

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<u>PMVC(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
<u>Bilateral Questions</u>			
11.	Political Relations	FCO	as appropriate
12.	Economic and Trade Relations	FCO	Treasury Trade
13.	Defence Matters (including arms sales, and visits)	FCO	MOD Trade as appropriate
<u>Speeches and Notes</u>			
14.	Arrival Statement	FCO	
15.	Opening of British Silver Exhibition 24th September: Speech	FCO	
16.	Dinner 24th September: Speech	FCO	
17.	Lunch 25th September: Toast	FCO	
18.	Dinner 25th September: Toast	FCO	
19.	Lunch 26th September: Toast	FCO	

INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex D. Those preparing briefs should note the following:-

- (a) Briefs should be concise. Each brief should if possible be no more than four sides long.
- (b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.
- (c) Briefs should be complete and self-contained with all the information required on that particular subject. Briefs should not be divided into separate self-contained sub-sections.
- (d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.
- (e) The top page only should bear the symbol and number of the brief in the top left-hand corner (e.g. PMVC(80) 7) with the date of production below; a copy number in the top right-hand corner; and the visit heading, the title of the brief (in capitals) and the name of the Department responsible (as in Annex D).
- (f) Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.
- (g) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e.g. PMVC(80) 13 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation.
- (h) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

CLASSIFICATION

ANNEX D

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PMVC(80) Serial No.

COPY NO

Date of production

PRIME MINISTER'S VISIT TO YUGOSLAVIA - 24-26 SEPTEMBER 1980

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SUBJECT / Insert subject in capitals

Brief by name of originating Department, e.g. Foreign and Commonwealth Office

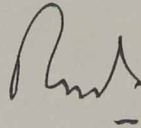
At the foot of the last page:-

Department of origin e.g. Foreign and Commonwealth Office

Date of origin

CLASSIFICATION

ACTION



Cabinet Office,
Whitehall,
London, SW1

1st September, 1980

PS(80) 19

Dear Private Secretary,

Prime Minister's Visit to Greece: 22nd-24th September 1980

This letter sets out the briefing arrangements for the Prime Minister's visit to Greece on 22nd-24th September 1980.

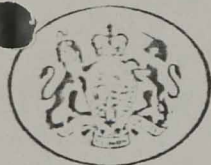
The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note the Prime Minister's wishes on the structure of briefs, contained in (b) of Annex C.

75 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and in any event to arrive no later than 12.00 noon on Friday 12th September. They should be addressed to Mrs. M. Wagner in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Brian Cubbon, Sir Douglas Wass, Sir Peter Carey, Sir Frank Cooper, Sir Brian Hayes, Sir Kenneth Clucas, Sir Donald Maitland, Sir Kenneth Couzens and Mr. Robin Ibbs, and to Michael Alexander, No. 10.

Yours sincerely,

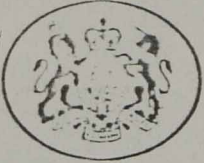
(Signed) B.G.HILTON



VISIT TO GREECE

BRITISH OBJECTIVES

1. To reinforce the Western orientation of Greece and its commitment to parliamentary democracy.
2. (a) to promote good relations with Greece, at a time of internal political uncertainty:-
 - (i) as a future Community partner;
 - (ii) as a NATO ally;
 - (iii) bilaterally.
- (b) to ensure that British interests, especially in the Community and trade fields, are understood and respected at the highest levels in the Greek government; and to establish close personal relations with the new Greek Prime Minister.
3. (a) To increase our share of the Greek market in the field of major public sector contracts, civil and military.
- (b) Specifically, to secure signature of the contract for the supply of a coal-fired power station.
4. To stimulate progress towards Greek reintegration into the military structure of NATO.



VISIT TO GREECE

PRESUMED GREEK OBJECTIVES

1. To promote good relations with the United Kingdom:
 - (a) as an important future Community partner;
 - (b) bilaterally;
 - (c) as a NATO ally;
 - (d) as a Guarantor power in Cyprus.
2. To help the Greek Government domestically:
 - (a) to enhance its standing with the electorate in view of next year's elections;
 - (b) to 'sell' to Greek public opinion the advantages of Community membership;
 - (c) and of the NATO Alliance.
3. To seek British support for the Greek case in the various disputes with Turkey:
 - (a) over NATO;
 - (b) over Cyprus;
 - (c) over the Aegean.
4. To increase the Greek share of the United Kingdom market, and diminish the visible trade imbalance in the United Kingdom's favour.
5. To seek some assurance on access to North Sea Oil.
6. (Possibly) To seek a reversal of our decision to charge Greek students full-cost fees for the next academic year.

LIST OF BRIEFS FOR PRIME MINISTER'S VISIT TO GREECE
22nd-24th SEPTEMBER 1980

<u>PMVB(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief: Annexes on:	FCO	as appropriate
	(a) Anglo-Greek Relations (including defensive brief on student fees)		
	(b) Greece: Internal		
	(c) Greek Foreign Policy		
	(d) Personalities		
	(e) Vital Statistics		
2.	Commercial Relations (including coal-fired power station, defence sales and (defensive) North Sea Oil)	Trade	FCO MOD Industry Energy
3.	European Community Questions (including restructuring, enlargement, textiles and potatoes)	FCO	as appropriate
4.	Eastern Mediterranean Questions	FCO	as appropriate
	(a) Greece/NATO		
	(b) Cyprus		
	(c) Aegean Dispute with Turkey		
5.	International Affairs	FCO	as appropriate
	(a) East/West Relations (including Afghanistan and Poland)		
	(b) Middle East (including Iran and Arab/Israel)		

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<u>PMVB(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
	(c) International Economic Problems (including aid and developing countries)		
	(d) Balkan Questions		
6.	Bilateral with Leader of Opposition	FCO	
7.	Speeches:	FCO	
	(a) On Arrival: Statement to Press		
	(b) Dinner 22nd September: Speech		
	(c) Lunch 23rd September: Toast		
	(d) Dinner 23rd September: Toast		

INSTRUCTIONS ABOUT FORMAT

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- (a) Briefs should be concise. Each brief should if possible be no more than four sides long.
- (b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.
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- (f) Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.
- (g) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e.g. PMVB(80) 13 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation.
- (h) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

CLASSIFICATION

ANNEX D

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PRIME MINISTER'S VISIT TO GREECE - 22-24 SEPTEMBER 1980

SUBJECT / Insert subject in capitals

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Brief by name of originating Department, e. g. Foreign and Commonwealth Office

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Department of origin e. g. Foreign and Commonwealth Office

Date of origin

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Ref: B06009

Original on: —

PM TOURS ABROAD

June 1980

MR PATTISON

The Prime Minister's Visit to Greece and Yugoslavia
22nd-26th September

As you know, the Prime Minister is to pay an official visit to Greece and Yugoslavia from 22nd-24th September and from 24th to 26th September respectively.

GREECE

2. The invitation to visit Greece was conveyed to the Prime Minister by Mr Karamanlis (then Prime Minister, now President) during his visit to this country last autumn and was repeated by Prime Minister Rallis when he took office in May. This will be the first visit by a British Prime Minister to Greece since 1958. Mrs Thatcher was unable to attend the signature of the Treaty of Greek Accession to the European Community in Athens in May 1979, as she had only just taken office.
3. The visit will take place three months before Greece becomes a full member of the European Community. Its purpose is essentially political, reinforcing our traditional friendly relations with Greece and symbolising our welcome for her as a partner in the Community. But there will also be a significant commercial element, since it is hoped that a major contract for the supply of a coal-fired power station worth some £200 to £400 million will be signed during the visit. On this, however, difficult negotiations continue.
4. Among the political topics on which the Prime Minister will wish to exchange views with her Greek opposite number and with President Karamanlis, the most important is the problem of Greek reintegration into the military structure of NATO. It may prove difficult to avoid straying over from this into discussion of other problems of the Eastern Mediterranean.

YUGOSLAVIA

5. This will be the first visit by a British Prime Minister to Yugoslavia, apart from Mrs Thatcher's attendance at President Tito's funeral, and is in reply to a very long standing invitation. The purpose of the visit is to demonstrate the importance we continue to attach to Yugoslavia after Tito and our support for Yugoslavia's independence, and to consolidate relations with the new leadership. It will be one of the first visits by a Western leader to Yugoslavia since Tito's death in May.

6. I attach 7 Annexes as follows:

Visit to Greece -

- A British objectives
- B Presumed Greek objectives
- C Briefs

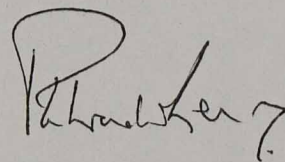
Visit to Yugoslavia -

- D British objectives
- E Presumed Yugoslav objectives
- F Briefs

Both Visits

- G Programme

7. I should be grateful if you could let me know whether the Prime Minister is content that preparations for the visit should proceed on the basis envisaged in these Annexes. If you can do that on Monday, we will arrange for the briefs to be submitted to you by 12th September.



29th August 1980

R L WADE-GERY



VISIT TO GREECE

BRITISH OBJECTIVES

1. To reinforce the Western orientation of Greece and its commitment to parliamentary democracy.
2. (a) to promote good relations with Greece, at a time of internal political uncertainty:-
 - (i) as a future Community partner;
 - (ii) as a NATO ally;
 - (iii) bilaterally.
- (b) to ensure that British interests, especially in the Community and trade fields, are understood and respected at the highest levels in the Greek government; and to establish close personal relations with the new Greek Prime Minister.
3. (a) To increase our share of the Greek market in the field of major public sector contracts, civil and military.
- (b) Specifically, to secure signature of the contract for the supply of a coal-fired power station.
4. To stimulate progress towards Greek reintegration into the military structure of NATO.



VISIT TO GREECE

PRESUMED GREEK OBJECTIVES

1. To promote good relations with the United Kingdom:
 - (a) as an important future Community partner;
 - (b) bilaterally;
 - (c) as a NATO ally;
 - (d) as a Guarantor power in Cyprus.
2. To help the Greek Government domestically:
 - (a) to enhance its standing with the electorate in view of next year's elections;
 - (b) to 'sell' to Greek public opinion the advantages of Community membership;
 - (c) and of the NATO Alliance.
3. To seek British support for the Greek case in the various disputes with Turkey:
 - (a) over NATO;
 - (b) over Cyprus;
 - (c) over the Aegean.
4. To increase the Greek share of the United Kingdom market, and diminish the visible trade imbalance in the United Kingdom's favour.
5. To seek some assurance on access to North Sea Oil.
6. (Possibly) To seek a reversal of our decision to charge Greek students full-cost fees for the next academic year.



VISIT TO GREECE

LIST OF PROPOSED BRIEFS

NUMBER	TITLE
	Programme
1.	Steering Brief: annexes on (a) Anglo-Greek Relations (including defensive brief on student fees) (b) Greece Internal (c) Greek Foreign Policy (d) Personalities (e) Vital Statistics.
2.	Commercial Relations (including Coal-fired Power Station, Defence Sales and (defensive) North Sea Oil).
3.	European Community Questions (including Restructuring, enlargement, textiles and potatoes).
4.	Eastern Mediterranean Questions (a) Greece/NATO (b) Cyprus (c) Aegean Dispute with Turkey.
5.	International Affairs (a) East/West Relations (including Afghanistan and Poland) (b) Middle East (including Iran and Arab/Israel) (c) International Economic Problems (including Aid and Developing Countries) (d) Balkan Questions.
6.	Bilateral with Leader of Opposition
7.	Speeches: (a) On arrival: Statement to Press (b) Dinner 22 September: Speech (c) Lunch 23 September: Toast (d) Dinner 23 September: Toast.

Visit to Yugoslavia

British Objectives

These are -

- (a) to demonstrate the importance we attach to Yugoslavia and our continuing support for Yugoslavia's independence and non-alignment;
- (b) to promote our bilateral relations (including our trade relations) and establish a good working relationship with Yugoslavia's new leaders;
- (c) to influence the Yugoslavs on international questions of importance to us and encourage them to continue to exert a helpful influence, especially in the non-aligned movement and in the "neutral and non-aligned" group at the coming Madrid Conference.



VISIT TO YUGOSLAVIA

PRESUMED YUGOSLAV OBJECTIVES

Yugoslav objectives are likely to be:

- (a) to enhance the international and domestic standing of the new leadership;
- (b) to establish a dialogue with Britain at the highest level;
- (c) to win support for their economic policies and help in redressing their trade imbalance with the United Kingdom;
- (d) to influence us on key international economic and political issues particularly those of most concern to the European neutrals, the non-aligned movement and the third world.

Visit to YugoslaviaList of Briefs

1. Steering Brief with Annexes on
 - a. Anglo/Yugoslav relations
 - b. Yugoslav internal situation
 - c. Yugoslav foreign policy
 - d. Statistics annex
 - e. Personalities

International Questions

2. East/West relations (including Afghanistan, France and CSCE)
3. China
4. Middle East (including Iran and Arab/Israel)
5. Non-aligned movement
6. International economic problems (including those of developing countries)
7. Non-proliferation and disarmament
8. Southern Africa

Regional Questions

9. European Community/Yugoslav relations
10. Balkan affairs

Bilateral Questions

11. Political relations
12. Economic and Trade relations
13. Defence matters (including arms sales, and visits)

Speeches and Notes

14. Arrival statement
15. Opening of British Silver Exhibition 24 September: speech
16. Dinner 24 September: speech
17. Lunch 25 September: toast
18. Dinner 25 September: toast
19. Lunch 26 September: toast

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ANNEX G

PROGRAMME

22 SEPTEMBER

0930 Depart from Heathrow or Northolt by RAF (VC10).
1500 Arrive Athens. Military Honours. Statement to Press.
1520 Drive to Maximus Palace (Greek Government guest house, where Mrs Thatcher will be staying) and to Grande Bretagne Hotel (where some other members of the party will be staying).
1700 To Embassy for briefing.
1800 Talks with Greek Prime Minister, Mr Rallis, (plus, later, the Foreign Minister, Mr Mitsotakis).
2100 Dinner (black tie). Host: Mr Rallis.

23 SEPTEMBER

0930 Lay wreath at tomb of Unknown Soldier.
1000-1130 Further talks with Mr Rallis (plus other Ministers as appropriate).
1130-1145 Signature of power station contract (if negotiations are concluded).
1200 Call by Mr Papandreou (leader of PASOK opposition party).
1245 Call on President Karamanlis.
1330-1530 Lunch. Host: President Karamanlis.
1600-1730 Tourism (Acropolis).
1830-1930 Reception at Embassy Residence (for British institutions and Embassy staff).
2100 Dinner. Host: Mrs Thatcher.

24 SEPTEMBER

0930 Visit British Council Offices.
1030 Leave for Athens airport.
1125 Fly to Belgrade
1100 Arrive Belgrade. Arrival statement.
(local time) Drive to Yugoslav Government guest house (where Mrs Thatcher will be staying).
1215 Meet Embassy staff, local British journalists and businessmen at Embassy Residence.

CONFIDENTIAL

1300 Briefing lunch at Embassy Residence.
1430-1730 Talks with Yugoslav Prime Minister, Mr Djuranovic.
1745 Plant tree in Park of Friendship.
1800 Open Exhibition of British Silver.
2000 Official dinner. Host: Mr Djuranovic.

25 SEPTEMBER

0800-
0900/0930 Working Breakfast.
1000 Wreath-laying at Avala.
1045 Wreath-laying at Commonwealth War Cemetery.
1100-1120 Press Conference.
1130-1230 Talks with President Mijatovic.
1230-1400 Lunch with President Mijatovic.
1430-1700 Visit steel mill at Smederevo.
1700 Leave for Skopje.
1800 Arrive Skopje.
1830-1900 Visit shopping centre.
1930 Talks with Macedonian leadership.
2000 Dinner given by President of Macedonian Presidency,
Mr Ljupco Arsov.

26 SEPTEMBER

0900-1100 Visit Ohis Petrochemical works.
1100 Leave for Dubrovnik.
1200 Sightseeing.
1300-1400 Official lunch offered by Croatian Authorities.
Afternoon Depart from Dubrovnik Airport by RAF VC10.
Arrive Heathrow or Northolt 3 hours later.



Foreign and Commonwealth Office

London SW1A 2AH

27 August 1980

Sir Robert Armstrong KCB CVO
CABINET OFFICE

Dear Sir,

THE PRIME MINISTER'S VISIT TO GREECE AND YUGOSLAVIA
22-26 SEPTEMBER

1. As you know, the Prime Minister is to pay an official visit to Greece and Yugoslavia from 22 to 24 September and from 24 to 26 September respectively.

GREECE

2. The invitation to visit Greece was conveyed to the Prime Minister by Mr Karamanlis (then Prime Minister, now President) during his visit to this country last autumn and was repeated by Prime Minister Rallis when he took office in May. This will be the first visit by a British Prime Minister to Greece since 1958. Mrs Thatcher was unable to attend the signature of the Treaty of Greek Accession to the European Community in Athens in May 1979, as she had only just taken office.

3. The visit will take place three months before Greece becomes a full member of the European Community. Its purpose is essentially political, reinforcing our traditional friendly relations with Greece and symbolising our welcome for her as a partner in the Community. But there will also be a significant commercial element, since it is hoped that a major contract for the supply of a coal-fired power station worth some £200 to £400 million will be signed during the visit. On this, however, difficult negotiations continue.

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/YUGOSLAVIA



YUGOSLAVIA

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/ 6. I attach 7 annexes as follows:

Visit to Greece:

- A British objectives
- B Presumed Greek objectives
- C Briefs.

Visit to Yugoslavia:

- D British objectives
- E Presumed Yugoslav objectives
- F Briefs
- G Joint programme.

7. A copy of this letter goes to the Permanent Secretaries at the Treasury, Department of Trade, Department of Industry, Department of Education and Science, Ministry of Defence and the Department of Energy, and to Clive Whitmore.

Michael Palliser
Michael Palliser



VISIT TO GREECE

BRITISH OBJECTIVES

1. To reinforce the Western orientation of Greece and its commitment to parliamentary democracy.
2. (a) to promote good relations with Greece, at a time of internal political uncertainty:-
 - (i) as a future Community partner;
 - (ii) as a NATO ally;
 - (iii) bilaterally.
- (b) to ensure that British interests, especially in the Community and trade fields, are understood and respected at the highest levels in the Greek government; and to establish close personal relations with the new Greek Prime Minister.
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- (b) Specifically, to secure signature of the contract for the supply of a coal-fired power station.
4. To stimulate progress towards Greek reintegration into the military structure of NATO.



VISIT TO GREECE

PRESUMED GREEK OBJECTIVES

1. To promote good relations with the United Kingdom:
 - (a) as an important future Community partner;
 - (b) bilaterally;
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2. To help the Greek Government domestically:
 - (a) to enhance its standing with the electorate in view of next year's elections;
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 - (c) and of the NATO Alliance.
3. To seek British support for the Greek case in the various disputes with Turkey:
 - (a) over NATO;
 - (b) over Cyprus;
 - (c) over the Aegean.
4. To increase the Greek share of the United Kingdom market, and diminish the visible trade imbalance in the United Kingdom's favour.
5. To seek some assurance on access to North Sea Oil.
6. (Possibly) To seek a reversal of our decision to charge Greek students full-cost fees for the next academic year.



VISIT TO GREECE

LIST OF PROPOSED BRIEFS

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6.	Bilateral with Leader of Opposition
7.	Speeches: (a) On arrival: Statement to Press (b) Dinner 22 September: Speech (c) Lunch 23 September: Toast (d) Dinner 23 September: Toast.



VISIT TO YUGOSLAVIA

BRITISH OBJECTIVES

These are:-

- (a) to demonstrate the importance we attach to Yugoslavia and our continuing support for Yugoslavia's independence and non-alignment;
- (b) to promote our bilateral relations and establish a good working relationship with Yugoslavia's new leaders;
- (c) to influence the Yugoslavs on international questions of importance to us and encourage them to continue to exert a helpful influence, especially in the non-aligned movement and in the 'neutral and non-aligned' group at the coming Madrid Conference.



VISIT TO YUGOSLAVIA

PRESUMED YUGOSLAV OBJECTIVES

Yugoslav objectives are likely to be:

- (a) to enhance the international and domestic standing of the new leadership;
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VISIT TO YUGOSLAVIA

LIST OF BRIEFS

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- (a) Anglo/Yugoslav relations
- (b) Yugoslav internal situation
- (c) Yugoslav foreign policy
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- 6. International economic problems (including those of developing countries)
- 7. Non-Proliferation and disarmament
- 8. Southern Africa

Regional Questions

- 9. European Community/Yugoslav relations
- 10. Balkan affairs

Bilateral Questions

- 11. Political, Economic and Trade Relations
- 12. Defence Matters (including arms sales, and visits)

Speeches and Notes

- 13. Arrival statement
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ANNEX G

PROGRAMME

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Statement to Press.

1520 Drive to Maximus Palace
[and Grande Bretagne Hotel].

1700 To Embassy for briefing.

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[plus, later, the Foreign Minister].

2100 Dinner [black tie]. Host: Mr Rallis.

23 SEPTEMBER

0930 Lay wreath at tomb of Unknown Soldier.

1000-1130 Further talks with Greek Prime Minister
[plus other Ministers as appropriate].

1130-1145 Signature of power station contract
[if negotiations are concluded].

1200 Call by Mr Papandreou [leader of PASOK
opposition party].

1245 Call on President Karamanlis.

1330-1530 Lunch. Host: President Karamanlis.

1600-1730 Tourism [Acropolis].

1830-1930 Reception at Residence. [For British
institutions and Embassy Staff].

2100 Dinner. Host: Mrs Thatcher.

24 SEPTEMBER

0930 Visit British Council Offices.

1030 Leave for airport.

1125 Fly to Belgrade.

1100 (local
time) Arrive Belgrade. Arrival statement.
Drive to official residence.

1215 Meet Embassy staff, local British journalists
and businessmen at Ambassador's residence.

1300 Briefing Lunch at Ambassador's residence.

1430-1730 Talks with Yugoslav Prime Minister

1745 Plant tree in Park of Friendship

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24 SEPTEMBER

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0800-
0900/0930 Working Breakfast

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1430-1700 Visit steel mill at Smederevo

1700 Leave for Skopje

1800 Arrive Skopje

1830-1900 Visit shopping centre

1930 Talks with Macedonian leadership

2000 Dinner given by President of Macedonian
Presidency, Mr Ljupco Arsov

26 SEPTEMBER

0900-1100 Visit Ohis Petrochemical works

1100 Leave for Dubrovnik

1200 Sightseeing

1300-1400 Lunch

Afternoon Depart.

28 AUG 1980



