PART 5

MT

CONFIDENTIAL FILING

Prime Minister's Visit To New York And The United Nations October 1985.

(Briefing In Folder).

USA

Part 1: Jan 81
Part 5: April 85

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~25.10.85~~							
15.11.85							
PTS GNDS							

PREM 19/1660

Dd 8398366 2M 11/83 JET

PART 5 ends:-

FCO to CDP 15/11/86

PART 6 begins:-

CDP to PC 22/10/86

Foreign and Commonwealth Office

London SW1A 2AH

15 November 1985

Dear Charles,

Prime Minister
CDP 15/11

Letter to the Prime Minister from the UN Secretary-General

The enclosed letter from the UN Secretary-General to the Prime Minister was passed to our Mission in New York for onward transmission.

According to our Mission in New York the Secretary-General and other senior members of the Secretariat greatly appreciated the Prime Minister's speech. particularly as, unlike so many others, it addressed the question of the United Nations itself.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

FILE

DA

CPC

10 DOWNING STREET

From the Private Secretary

1 November 1985

Cyprus: UN Secretary-General's Initiative: The Way Forward

Thank you for your letter of 1 November in which you propose the line which Sir John Thomson might take with the United Nations Secretary-General when he sees him next week to discuss Cyprus.

I think the Prime Minister would be content with what is proposed.

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

1 November 1985

Dear Charles,

Cyprus: UN Secretary-General's Initiative: The Way Forward

Thank you for your letter of 23 October with its record of the exchange on Cyprus between the Prime Minister and the Secretary General on that day.

Sir John Thomson expects to see the UN Secretary-General next week and has asked for instructions. If the Prime Minister agrees, the Foreign Secretary would like to instruct him to tell the Secretary-General of the Prime Minister's brief meeting with Kyprianou on the lines of paragraph 2 of your letter, making the point that he was not very forthcoming. The Secretary-General would find this useful to know. His discretion can, I think, be relied upon. We would also propose to authorise Sir John Thomson to indicate again to the Secretary-General that we support the approach he outlined to the Prime Minister avoiding, as it does, delaying the process by inserting an interim stage. This would be a means of trying to draw him out on his game plan so that we can see better how to play our own hand.

We shall need to telegraph instructions to Sir John Thomson before the weekend.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

USA: PM's Visits Pt 5

UNCLASSIFIED File: USA: PM's Visits AS

COMCEN FOR FAX TO FCO

(FOR ATTENTION UND, NAD, SOV D, DEF D, ACDD, EED and all Private/ Offices)

AND TO UKMIS NEW YORK (FOR ATTENTION PRIME MINISTER'S PARTY)

PRESIDENT REAGAN'S SPEECH TO THE UNGA, 24 OCTOBER

1. The European Bureau of State Department have given in confidence the following final draft version of the President's speech, which they said would be made available to various friends and allies during the course of today.

(ELLIOTT/BUCHANAN/KHACHIGIAN)
OCTOBER 22, 1985
5:00 P.M.

PRESIDENT'S BACKUP COPY

ADDRESS TO THE UNITED NATIONS GENERAL ASSEMBLY
NEW YORK, NEW YORK

THURSDAY, OCTOBER 24, 1985

MR. PRESIDENT, MR. SECRETARY GENERAL, HONORED GUESTS AND DISTINGUISHED DELEGATES. THANK YOU FOR THE HONOR OF PERMITTING ME TO SPEAK ON THIS ANNIVERSARY FOR THE UNITED NATIONS.

FORTY YEARS AGO, THE WORLD AWOKE DARING TO BELIEVE HATRED's UNYIELDING GRIP HAD FINALLY BEEN BROKEN -- DARING TO BELIEVE THE TORCH OF PEACE WOULD BE PROTECTED IN LIBERTY's FIRM GRASP.

FORTY YEARS AGO, THE WORLD YEARNED TO DREAM AGAIN INNOCENT DREAMS, TO BELIEVE IN IDEALS WITH INNOCENT TRUST. DREAMS OF TRUST ARE WORTHY, BUT IN THESE 40 YEARS TOO MANY DREAMS HAVE BEEN SHATTERED, TOO MANY PROMISES HAVE BEEN BROKEN, TOO MANY LIVES HAVE BEEN LOST. THE PAINFUL TRUTH IS THAT THE USE OF VIOLENCE TO TAKE, TO EXERCISE, AND TO PRESERVE POWER REMAINS A PERSISTENT REALITY IN MUCH OF THE WORLD.

THE VISION OF THE U.N. CHARTER -- TO SPARE SUCCEEDING GENERATIONS THIS SCOURGE OF WAR -- REMAINS REAL. IT STILL STIRS OUR SOULS AND WARMS OUR HEARTS. BUT IT ALSO DEMANDS OF US A REALISM THAT IS ROCKHARD, CLEAR-EYED, STEADY AND SURE -- A REALISM THAT UNDERSTANDS THE NATIONS OF THE UNITED NATIONS ARE NOT UNITED.

I COME BEFORE YOU THIS MORNING PREOCCUPIED WITH PEACE, WITH ENSURING THAT THE DIFFERENCES BETWEEN SOME OF US NOT BE PERMITTED TO DEGENERATE INTO OPEN CONFLICT. AND I COME OFFERING FOR MY OWN COUNTRY A NEW COMMITMENT, A FRESH START.

ON THIS U.N. ANNIVERSARY, WE ACKNOWLEDGE ITS SUCCESSES: THE DECISIVE ACTION DURING THE KOREAN WAR; NEGOTIATION OF THE NON-PROLIFERATION TREATY; STRONG SUPPORT FOR DECOLONIZATION; AND THE LAUDABLE ACHIEVEMENTS BY THE U.N. HIGH COMMISSIONER FOR REFUGEES.

NOR MUST WE CLOSE OUR EYES TO THIS ORGANIZATION's DISAPPOINTMENTS: ITS FAILURE TO DEAL WITH REAL SECURITY ISSUES, THE TOTAL INVERSION OF MORALITY IN THE INFAMOUS ZIONISM-IS-RACISM RESOLUTION, THE POLITICIZATION OF TOO MANY AGENCIES, THE MISUSE OF TOO MANY RESOURCES.

THE U.N. IS A POLITICAL INSTITUTION AND POLITICS REQUIRES COMPROMISE. WE RECOGNIZE THAT. BUT LET US REMEMBER -- FROM THOSE FIRST DAYS, ONE GUIDING STAR WAS SUPPOSED TO LIGHT OUR PATH TOWARD THE U.N. VISION OF PEACE AND PROGRESS -- THE STAR OF FREEDOM.

WHAT KIND OF PEOPLE WILL WE BE 40 YEARS FROM TODAY? MAY WE ANSWER -- FREE PEOPLE, WORTHY OF FREEDOM, AND FIRM IN THE CONVICTION THAT FREEDOM IS NOT THE SOLE PREROGATIVE OF A CHOSEN FEW, BUT THE UNIVERSAL RIGHT OF ALL GOD's CHILDREN.

THIS IS THE UNIVERSAL DECLARATION OF HUMAN RIGHTS SET FORTH IN 1948. AND THIS IS THE AFFIRMING FLAME THE UNITED STATES HAS HELD HIGH TO A WATCHING WORLD. WE CHAMPION FREEDOM NOT ONLY BECAUSE IT IS PRACTICAL AND BENEFICIAL, BUT BECAUSE IT IS MORALLY RIGHT AND JUST.

FREE PEOPLE, WHOSE GOVERNMENTS REST UPON THE CONSENT OF THE GOVERNED, DO NOT WAGE WAR ON THEIR NEIGHBORS. FREE PEOPLE, BLESSED BY ECONOMIC OPPORTUNITY, AND PROTECTED BY LAWS THAT RESPECT THE DIGNITY OF THE INDIVIDUAL, ARE NOT DRIVEN TOWARD THE DOMINATION OF OTHERS.

WE READILY ACKNOWLEDGE THAT THE UNITED STATES IS FAR FROM PERFECT. YET WE HAVE ENDEAVORED EARNESTLY TO CARRY OUT OUR RESPONSIBILITIES TO THE CHARTER THESE PAST 40 YEARS, AND WE TAKE NATIONAL PRIDE IN OUR CONTRIBUTIONS TO PEACE:

WE TAKE PRIDE IN 40 YEARS OF HELPING AVERT A NEW WORLD WAR AND PRIDE IN OUR ALLIANCES THAT PROTECT AND PRESERVE US AND OUR FRIENDS FROM AGGRESSION. WE TAKE PRIDE IN THE CAMP DAVID AGREEMENTS AND OUR EFFORTS FOR PEACE IN THE MIDDLE EAST ROOTED IN RESOLUTIONS 242 AND 338; IN SUPPORTING PAKISTAN, TARGET OF OUTSIDE INTIMIDATION; IN ASSISTING EL SALVADOR'S STRUGGLE TO CARRY FORWARD ITS DEMOCRATIC REVOLUTION; IN ANSWERING THE APPEAL OF OUR CARIBBEAN FRIENDS IN GRENADA; IN SEEING GRENADA'S REPRESENTATIVE HERE TODAY, VOTING THE WILL OF ITS OWN PEOPLE. AND WE TAKE PRIDE IN OUR PROPOSALS TO REDUCE THE WEAPONS OF WAR.

WE SUBMIT THIS HISTORY AS EVIDENCE OF OUR SINCERITY OF PURPOSE. BUT TODAY IT IS MORE IMPORTANT TO SPEAK TO YOU ABOUT WHAT MY COUNTRY PRUPOSES TO DO, IN THESE CLOSING YEARS OF THE 20TH CENTURY, TO BRING ABOUT A SAFER, A MORE PEACEFUL, A MORE CIVILIZED WORLD.

LET US BEGIN WITH CANDOR -- WITH WORDS THAT REST ON PLAIN AND SIMPLE FACTS. THE DIFFERENCES BETWEEN AMERICA AND THE SOVIET UNION ARE DEEP AND ABIDING.

THE UNITED STATES IS A DEMOCRATIC NATION. HERE THE PEOPLE RULE. WE BUILD NO WALLS TO KEEP THEM IN, NOR ORGANIZE ANY SYSTEM OF POLICE TO KEEP THEM MUTE. WE OCCUPY NO COUNTRY. THE ONLY LAND ABROAD WE OCCUPY IS BENEATH THE GRAVES WHERE OUR HEROES REST. WHAT IS CALLED THE WEST IS A VOLUNTARY ASSOCIATION OF FREE NATIONS, ALL OF WHOM FIERCELY VALUE THEIR INDEPENDENCE AND THEIR SOVEREIGNTY. AND AS DEEPLY AS WE CHERISH OUR BELIEFS, WE DO NOT SEEK TO COMPEL OTHERS TO SHARE THEM.

WHEN WE ENJOY THESE VAST FREEDOMS AS WE DO, IT IS DIFFICULT FOR US TO UNDERSTAND THE RESTRICTIONS OF DICTATORSHIPS WHICH SEEK TO CONTROL EACH INSTITUTION AND EVERY FACET OF PEOPLE's LIVES, THE EXPRESSION OF THEIR BELIEFS, THEIR MOVEMENTS, AND THEIR CONTACTS WITH THE OUTSIDE WORLD. IT IS DIFFICULT FOR US TO UNDERSTAND THE IDEOLOGICAL PREMISE THAT FORCE IS AN ACCEPTABLE WAY TO EXPAND A POLITICAL SYSTEM.

WE AMERICANS DO NOT ACCEPT THAT ANY GOVERNMENT HAS THE RIGHT TO COMMAND AND ORDER THE LIVES OF ITS PEOPLE, THAT ANY NATION HAS AN HISTORIC RIGHT TO USE FORCE TO EXPORT ITS IDEOLOGY. THIS BELIEF -- REGARDING THE NATURE OF MAN AND THE LIMITATIONS OF GOVERNMENT -- IS AT THE CORE OF OUR DEEP AND ABIDING DIFFERENCES WITH THE SOVIET UNION, DIFFERENCES THAT PUT US INTO NATURAL CONFLICT -- AND COMPETITION -- WITH ONE ANOTHER.

WE WOULD WELCOME ENTHUSIASTICALLY A TRUE COMPETITION OF IDEAS, WELCOME A COMPETITION OF ECONOMIC STRENGTH AND SCIENTIFIC AND ARTISTIC CREATIVITY, AND, YES, WELCOME A COMPETITION FOR THE GOOD WILL OF THE WORLD'S PEOPLE. BUT WE CANNOT ACCOMMODATE OURSELVES TO THE USE OF FORCE AND SUBVERSION TO CONSOLIDATE AND EXPAND THE REACH OF TOTALITARIANISM.

WHEN MR. GORBACHEV AND I MEET IN GENEVA NEXT MONTH, I LOOK TO A FRESH START IN THE RELATIONSHIP OF OUR TWO NATIONS. WE CAN AND SHOULD MEET IN THE SPIRIT THAT WE CAN DEAL WITH OUR DIFFERENCES PEACEFULLY. THAT IS WHAT WE EXPECT.

THE ONLY WAY TO RESOLVE DIFFERENCES IS TO UNDERSTAND THEM. WE MUST HAVE CANDID AND COMPLETE DISCUSSIONS OF WHERE DANGERS EXIST AND WHERE PEACE IS BEING DISRUPTED. MAKE NO MISTAKE: OUR POLICY OF OPEN AND VIGOROUS COMPETITION RESTS ON A REALISTIC VIEW OF THE WORLD. THEREFORE, AT GENEVA, WE MUST REVIEW THE REASONS FOR THE CURRENT LEVEL OF MISTRUST.

FOR EXAMPLE, IN 1972 THE INTERNATIONAL COMMUNITY NEGOTIATED IN GOOD FAITH A BAN ON BIOLOGICAL AND TOXIN WEAPONS; IN 1975 WE NEGOTIATED THE HELSINKI ACCORDS ON HUMAN RIGHTS AND FREEDOMS; AND DURING THE DECADE JUST PAST, THE UNITED STATES AND THE SOVIET UNION NEGOTIATED SEVERAL AGREEMENTS ON STRATEGIC WEAPONS. YET, WE FEEL IT WILL BE NECESSARY AT GENEVA TO DISCUSS WITH THE SOVIET UNION WHAT WE BELIEVE ARE THEIR VIOLATIONS OF A NUMBER OF THE PROVISIONS IN ALL OF THESE AGREEMENTS. INDEED, THIS IS WHY IT IS IMPORTANT THAT WE HAVE THIS OPPORTUNITY TO AIR OUR DIFFERENCES THROUGH FACE-TO-FACE MEETINGS -- TO LET FRANK TALK SUBSTITUTE FOR ANGER AND TENSION.

THE UNITED STATES HAS NEVER SOUGHT TREATIES MERELY TO PAPER OVER DIFFERENCES. WE CONTINUE TO BELIEVE THAT A NUCLEAR WAR IS ONE THAT CANNOT BE WON AND MUST NEVER BE FOUGHT. THAT IS WHY WE HAVE SOUGHT, FOR NEARLY 10 YEARS, STILL SEEK, AND WILL DISCUSS IN GENEVA RADICAL, EQUITABLE, VERIFIABLE REDUCTIONS IN THESE VAST ARSENALS OF OFFENSIVE NUCLEAR WEAPONS.

AT THE BEGINNING OF THE LATEST ROUND OF THE ONGOING NEGOTIATIONS IN GENEVA, THE SOVIET UNION PRESENTED A SPECIFIC PROPOSAL INVOLVING NUMERICAL VALUES. WE ARE STUDYING THE SOVIET COUNTER-PROPOSAL CAREFULLY. I BELIEVE THAT WITHIN THEIR PROPOSAL THERE ARE SEEDS WHICH WE SHOULD NURTURE, AND IN THE COMING WEEKS WE WILL SEEK TO ESTABLISH A GENUINE PROCESS OF GIVE-AND-TAKE.

THE UNITED STATES IS ALSO SEEKING TO DISCUSS WITH THE SOVIET UNION IN GENEVA THE VITAL RELATIONSHIP BETWEEN OFFENSIVE AND DEFENSIVE SYSTEMS, INCLUDING THE POSSIBILITY OF MOVING TOWARD A MORE STABLE AND SECURE WORLD IN WHICH DEFENSES PLAY A GROWING ROLE.

THE BALLISTIC MISSILE IS THE MOST AWESOME, THREATENING, AND DESTRUCTIVE WEAPON IN THE HISTORY OF MAN. THUS, I WELCOME THE INTEREST OF THE NEW SOVIET LEADERSHIP IN THE REDUCTION OF OFFENSIVE STRATEGIC FORCES. ULTIMATELY, WE MUST REMOVE THIS MENACE -- ONCE AND FOR ALL -- FROM THE FACE OF THIS EARTH.

UNTIL THAT DAY, THE UNITED STATES SEEKS TO ESCAPE THE PRISON OF MUTUAL TERROR BY RESEARCH AND TESTING THAT COULD, IN TIME, ENABLE US TO NEUTRALIZE THE THREAT OF THESE BALLISTIC MISSILES AND, ULTIMATELY, RENDER THEM OBSOLETE.

HOW IS MOSCOW THREATENED -- IF THE CAPITALS OF OTHER NATIONS ARE PROTECTED? WE DO NOT ASK THAT THE SOVIET LEADERS -- WHOSE COUNTRY HAS SUFFERED SO MUCH FROM WAR -- LEAVE THEIR PEOPLE DEFENSELESS AGAINST FOREIGN ATTACK. WHY THEN DO THEY INSIST THAT WE REMAIN UNDEFENDED? WHO IS THREATENED IF WESTERN RESEARCH -- AND SOVIET RESEARCH THAT IS ITSELF WELL-ADVANCED -- SHOULD DEVELOP A NON-NUCLEAR SYSTEM WHICH WOULD THREATEN NOT HUMAN BEINGS, BUT ONLY BALLISTIC MISSILES?

SURELY, THE WORLD WILL SLEEP MORE SECURE WHEN THESE MISSILES HAVE BEEN RENDERED USELESS, MILITARILY AND POLITICALLY, WHEN THE SWORD OF DAMOCLES THAT HAS HUNG OVER OUR PLANET FOR TOO MANY DECADES IS LIFTED BY WESTERN AND RUSSIAN SCIENTISTS WORKING TO SHIELD THEIR CITIES AND THEIR CITIZENS AND ONE DAY SHUT DOWN SPACE AS AN AVENUE FOR WEAPONS OF MASS DESTRUCTION.

IF WE ARE DESTINED BY HISTORY TO COMPETE, MILITARILY, TO KEEP THE PEACE, THEN LET US COMPETE IN SYSTEMS THAT DEFEND OUR SOCIETIES RATHER THAN WEAPONS WHICH CAN DESTROY US BOTH, AND MUCH OF GOD's CREATION ALONG WITH US.

SOME 18 YEARS AGO, THEN-PREMIER ALEKSEI KOSYGIN WAS ASKED ABOUT A MORATORIUM ON THE DEVELOPMENT OF AN ANTI-MISSILE DEFENSE SYSTEM. THE OFFICIAL SOVIET NEWS AGENCY, "TASS," REPORTED HE REPLIED WITH THESE WORDS:

"I BELIEVE THAT DEFENSIVE SYSTEMS, WHICH PREVENT ATTACK, ARE NOT THE CAUSE OF THE ARMS RACE, BUT CONSTITUTE A FACTOR PREVENTING THE DEATH OF PEOPLE.... MAYBE AN ANTI-MISSILE SYSTEM IS MORE EXPENSIVE THAN AN OFFENSIVE SYSTEM, BUT IT IS DESIGNED NOT TO KILL PEOPLE BUT TO PRESERVE HUMAN LIVES."

PRESERVING LIVES. NO PEACE IS MORE FUNDAMENTAL THAN THAT. GREAT OBSTACLES LIE AHEAD, BUT THEY SHOULD NOT DETER US. PEACE IS GOD's COMMANDMENT. PEACE IS THE HOLY SHADOW CAST BY MEN TREADING ON THE PATH OF VIRTUE.

BUT JUST AS WE ALL KNOW WHAT PEACE IS, WE CERTAINLY KNOW WHAT PEACE IS NOT.

PEACE BASED ON REPRESSION CANNOT BE TRUE PEACE AND IS SECURE ONLY WHEN INDIVIDUALS ARE FREE TO DIRECT THEIR OWN GOVERNMENTS.

PEACE BASED ON PARTITION CANNOT BE TRUE PEACE. PUT SIMPLY: NOTHING CAN JUSTIFY THE CONTINUING AND PERMANENT DIVISION OF THE EUROPEAN CONTINENT. WALLS OF PARTITION AND DISTRUST MUST GIVE WAY TO GREATER COMMUNICATION FOR AN OPEN WORLD. BEFORE LEAVING FOR GENEVA, I SHALL MAKE MAJOR NEW PROPOSALS TO ACHIEVE THIS GOAL.

people to people

PEACE BASED ON MUTUAL FEAR CANNOT BE TRUE PEACE BECAUSE STAKING OUR FUTURE ON A PRECARIOUS BALANCE OF TERROR IS NOT GOOD ENOUGH. THE WORLD NEEDS A BALANCE OF SAFETY.

FINALLY, A PEACE BASED ON AVERTING OUR EYES FROM TROUBLE CANNOT BE TRUE PEACE. THE CONSEQUENCES OF CONFLICT ARE EVERY BIT AS TRAGIC WHEN THE DESTRUCTION IS CONTAINED WITHIN ONE COUNTRY.

REAL PEACE IS WHAT WE SEEK, AND THAT IS WHY TODAY THE UNITED STATES IS PRESENTING AN INITIATIVE THAT ADDRESSES WHAT WILL BE A CENTRAL ISSUE IN GENEVA -- THE RESOLUTION OF REGIONAL CONFLICTS IN AFRICA, ASIA, AND CENTRAL AMERICA.

OUR OWN POSITION IS CLEAR: AS THE OLDEST NATION OF THE NEW WORLD, AS THE FIRST ANTI-COLONIAL POWER, THE UNITED STATES REJOICED WHEN DECOLONIZATION GAVE BIRTH TO SO MANY NEW NATIONS AFTER WORLD WAR II. WE HAVE ALWAYS SUPPORTED THE RIGHT OF THE PEOPLE OF EACH NATION TO DEFINE THEIR OWN DESTINY. WE HAVE GIVEN $300 BILLION SINCE 1945 TO HELP PEOPLE OF OTHER COUNTRIES. AND WE HAVE TRIED TO HELP FRIENDLY GOVERNMENTS DEFEND AGAINST AGGRESSION, SUBVERSION, AND TERROR.

WE HAVE NOTED WITH GREAT INTEREST SIMILAR EXPRESSIONS OF PEACEFUL INTENT BY LEADERS OF THE SOVIET UNION. I AM NOT HERE TO CHALLENGE THE GOOD FAITH OF WHAT THEY SAY. BUT ISN'T IT IMPORTANT FOR US TO WEIGH THE RECORD, AS WELL?

-- IN AFGHANISTAN, THERE ARE 118,000 SOVIET TROOPS PROSECUTING WAR AGAINST THE AFGHAN PEOPLE.

-- IN CAMBODIA, 140,000 SOVIET-BACKED VIETNAMESE SOLDIERS WAGE A WAR OF OCCUPATION.

-- IN ETHIOPIA, 1,700 SOVIET ADVISERS ARE INVOLVED IN MILITARY PLANNING AND SUPPORT OPERATIONS ALONG WITH 2,500 CUBAN COMBAT TROOPS.

-- IN ANGOLA -- 1,200 SOVIET MILITARY ADVISERS INVOLVED IN PLANNING AND SUPERVISING COMBAT OPERATIONS, ALONG WITH 35,000 CUBAN TROOPS.

-- IN NICARAGUA -- SOME 8,000 SOVIET BLOC AND CUBAN PERSONNEL, INCLUDING ABOUT 3,500 MILITARY AND SECRET POLICE PERSONNEL.

ALL OF THESE CONFLICTS -- SOME OF THEM UNDER WAY FOR A DECADE -- ORIGINATE IN LOCAL DISPUTES BUT THEY SHARE A COMMON CHARACTERISTIC: THEY ARE THE CONSEQUENCE OF AN IDEOLOGY IMPOSED FROM WITHOUT, DIVIDING NATIONS AND CREATING REGIMES THAT ARE, ALMOST FROM THE DAY THEY TAKE POWER, AT WAR WITH THEIR OWN PEOPLE. AND IN EACH CASE, MARXISM-LENINISM's WAR WITH THE PEOPLE BECOMES WAR WITH THEIR NEIGHBORS.

THESE WARS ARE EXACTING A STAGGERING HUMAN TOLL AND THREATEN TO SPILL ACROSS NATIONAL BOUNDARIES AND TRIGGER DANGEROUS CONFRONTATIONS. WHERE IS IT MORE APPROPRIATE THAN RIGHT HERE AT THE UNITED NATIONS TO CALL ATTENTION TO ARTICLE 2 OF OUR CHARTER WHICH INSTRUCTS MEMBERS TO REFRAIN "FROM THE THREAT OR USE OF FORCE AGAINST THE TERRITORIAL INTEGRITY OR POLITICAL INDEPENDENCE OF ANY STATE...."?

DURING THE PAST DECADE THESE WARS PLAYED A LARGE ROLE IN BUILDING SUSPICIONS AND TENSIONS IN MY COUNTRY OVER THE PURPOSE OF SOVIET POLICY. THIS GIVES US AN EXTRA REASON TO ADDRESS THEM SERIOUSLY TODAY.

LAST YEAR I PROPOSED FROM THIS PODIUM THAT THE UNITED STATES AND SOVIET UNION HOLD DISCUSSIONS ON SOME OF THESE ISSUES, AND WE HAVE DONE SO. BUT I BELIEVE THESE PROBLEMS NEED MORE THAN TALK.

FOR THAT REASON, WE ARE PROPOSING, AND ARE FULLY COMMITTED TO SUPPORT, A REGIONAL PEACE PROCESS THAT SEEKS PROGRESS ON THREE LEVELS:

FIRST, WE BELIEVE THE STARTING POINT MUST BE A PROCESS OF NEGOTIATION AMONG THE WARRING PARTIES IN EACH COUNTRY I'VE MENTIONED -- WHICH, IN THE CASE OF AFGHANISTAN, INCLUDES THE SOVIET UNION. THE FORM OF THESE TALKS MAY AND SHOULD VARY, BUT NEGOTIATIONS -- AND AN IMPROVEMENT OF INTERNAL POLITICAL CONDITIONS -- ARE ESSENTIAL TO ACHIEVING AN END TO VIOLENCE, THE WITHDRAWL OF FOREIGN TROOPS AND NATIONAL RECONCILIATION.

THERE IS A SECOND LEVEL: ONCE NEGOTIATIONS TAKE HOLD AND THE PARTIES DIRECTLY INVOLVED ARE MAKING REAL PROGRESS, REPRESENTATIVES OF THE UNITED STATES AND THE SOVIET UNION SHOULD SIT DOWN TOGETHER. IT IS NOT FOR US TO IMPOSE ANY SOLUTIONS IN THIS SEPARATE SET OF TALKS. SUCH SOLUTIONS WOULD NOT LAST. BUT THE ISSUE WE SHOULD ADDRESS IS HOW BEST TO SUPPORT THE ONGOING TALKS AMONG THE WARRING PARTIES. IN SOME CASES, IT MIGHT WELL BE APPROPRIATE TO CONSIDER GUARANTEES FOR ANY AGREEMENTS ALREADY REACHED. BUT IN EVERY CASE THE PRIMARY TASK IS TO PROMOTE THIS GOAL: VERIFIED ELIMINATION OF THE FOREIGN MILITARY PRESENCE AND RESTRAINT ON THE FLOW OF OUTSIDE ARMS.

FINALLY, IF THESE FIRST TWO STEPS ARE SUCCESSFUL, WE COULD MOVE ON TO THE THIRD -- WELCOMING EACH COUNTRY BACK INTO THE WORLD ECONOMY SO ITS CITIZENS CAN SHARE IN THE DYNAMIC GROWTH THAT OTHER DEVELOPING COUNTRIES -- COUNTRIES THAT ARE AT PEACE -- ENJOY. DESPITE PAST DIFFERENCES WITH THESE REGIMES, THE UNITED STATES WOULD RESPOND GENEROUSLY TO THEIR DEMOCRATIC RECONCILIATION WITH THEIR OWN PEOPLE, THEIR RESPECT FOR HUMAN RIGHTS, AND THEIR RETURN TO THE FAMILY OF FREE NATIONS.

OF COURSE, UNTIL SUCH TIME AS THESE NEGOTIATIONS RESULT IN DEFINITIVE PROGRESS, AMERICA's SUPPORT FOR STRUGGLING DEMOCRATIC RESISTANCE FORCES MUST NOT AND SHALL NOT CEASE.

THIS PLAN IS BOLD. AND IT IS REALISTIC. IT IS NOT A SUBSTITUTE FOR EXISTING PEACE-MAKING EFFORTS; IT COMPLEMENTS THEM. WE ARE NOT TRYING TO SOLVE EVERY CONFLICT IN EVERY REGION OF THE GLOBE, AND WE RECOGNIZE THAT EACH CONFLICT HAS ITS OWN CHARACTER. NATURALLY OTHER REGIONAL PROBLEMS WILL REQUIRE DIFFERENT APPROACHES. BUT WE BELIEVE THAT THE RECURRENT PATTERN OF CONFLICT THAT WE SEE IN THESE FIVE CASES OUGHT TO BE BROKEN AS SOON AS POSSIBLE.

WE MUST BEGIN SOMEWHERE, SO LET US BEGIN WHERE THERE IS GREAT NEED AND GREAT HOPE. THIS WILL BE A CLEAR STEP FORWARD TO HELP PEOPLE CHOOSE THEIR FUTURE MORE FREELY. MOREOVER, THIS IS AN EXTRAORDINARY OPPORTUNITY FOR THE SOVIET SIDE TO MAKE A CONTRIBUTION TO REGIONAL PEACE WHICH IN TURN CAN PROMOTE FUTURE DIALOGUE AND NEGOTIATIONS ON OTHER CRITICAL ISSUES.

WITH HARD WORK AND IMAGINATION, THERE IS NO LIMIT TO WHAT, WORKING TOGETHER, OUR NATIONS CAN ACHIEVE. GAINING A PEACEFUL RESOLUTION OF THESE CONFLICTS WILL OPEN WHOLE NEW VISTAS FOR PEACE AND PROGRESS -- THE DISCOVERY THAT THE PROMISE OF THE FUTURE LIES NOT IN MEASURES OF MILITARY DEFENSE, OR THE CONTROL OF WEAPONS, BUT IN THE EXPANSION OF INDIVIDUAL FREEDOM AND HUMAN RIGHTS.

ONLY WHEN THE HUMAN SPIRIT CAN WORSHIP, CREATE, AND BUILD, ONLY WHEN PEOPLE ARE GIVEN A PERSONAL STAKE IN DETERMINING THEIR OWN DESTINY AND BENEFITING FROM THEIR OWN RISKS DO SOCIETIES BECOME PROSPEROUS, PROGRESSIVE, DYNAMIC, AND FREE.

WE NEED ONLY OPEN OUR EYES TO THE ECONOMIC EVIDENCE ALL AROUND US. NATIONS THAT DENY THEIR PEOPLE OPPORTUNITY -- IN EASTERN EUROPE, INDOCHINA, SOUTHERN AFRICA, AND LATIN AMERICA -- WITHOUT EXCEPTION ARE DROPPING FURTHER BEHIND IN THE RACE FOR THE FUTURE.

BUT WHERE WE SEE ENLIGHTENED LEADERS WHO UNDERSTAND THAT ECONOMIC FREEDOM AND PERSONAL INCENTIVE ARE KEY TO DEVELOPMENT, WE SEE ECONOMIES STRIDING FORWARD. SINGAPORE, TAIWAN, AND SOUTH KOREA -- INDIA, BOTSWANA, AND CHINA. THESE ARE AMONG THE CURRENT AND EMERGING SUCCESS STORIES BECAUSE THEY HAVE THE COURAGE TO GIVE ECONOMIC INCENTIVES A CHANCE.

LET US ALL HEED THE SIMPLE ELOQUENCE IN ANDREI SAKHAROV's NOBEL PEACE PRIZE MESSAGE: "INTERNATIONAL TRUST, MUTUAL UNDERSTANDING, DISARMAMENT AND INTERNATIONAL SECURITY ARE INCONCEIVABLE WITHOUT AN OPEN SOCIETY WITH FREEDOM OF INFORMATION, FREEDOM OF CONSCIENCE, THE RIGHT TO PUBLISH AND THE RIGHT TO TRAVEL AND CHOOSE THE COUNTRY IN WHICH ONE WISHES TO LIVE."

AT THE CORE, THIS IS AN ETERNAL TRUTH. FREEDOM WORKS. THAT IS THE PROMISE OF THE OPEN WORLD AND AWAITS ONLY OUR COLLECTIVE GRASP. FORTY YEARS AGO, HOPE CAME ALIVE AGAIN FOR A WORLD THAT HUNGERED FOR HOPE. I BELIEVE FERVENTLY THAT HOPE IS STILL ALIVE.

THE UNITED STATES HAS SPOKEN WITH CANDOR AND CONVICTION TODAY, BUT THAT DOES NOT LESSEN THESE STRONG FEELINGS HELD BY EVERY AMERICAN: IT'S IN THE NATURE OF AMERICANS TO HATE WAR AND ITS DESTRUCTIVENESS. WE WOULD RATHER WAGE OUR STRUGGLE TO REBUILD AND RENEW, NOT TO TEAR DOWN. WE WOULD RATHER FIGHT AGAINST HUNGER, DISEASE, AND CATASTROPHE. WE WOULD RATHER ENGAGE OUR ADVERSARIES IN THE BATTLE OF IDEALS AND IDEAS FOR THE FUTURE.

THESE PRINCIPLES EMERGE FROM THE INNATE OPENNESS AND GOOD CHARACTER OF OUR PEOPLE -- AND FROM OUR LONG STRUGGLE AND SACRIFICE FOR OUR LIBERTIES AND THE LIBERTIES OF OTHERS. AMERICANS ALWAYS YEARN FOR PEACE. THEY HAVE A PASSION FOR LIFE. THEY CARRY IN THEIR HEARTS A DEEP CAPACITY FOR RECONCILIATION.

LAST YEAR AT THIS GENERAL ASSEMBLY, I INDICATED THERE WAS EVERY REASON FOR THE UNITED STATES AND THE SOVIET UNION TO SHORTEN THE DISTANCE BETWEEN US. IN GENEVA -- THE FIRST MEETING BETWEEN OUR HEADS OF GOVERNMENT IN MORE THAN 6 YEARS -- MR. GORBACHEV AND I WILL HAVE THAT OPPORTUNITY.

SO, YES, LET US GO TO GENEVA WITH BOTH SIDES COMMITTED TO DIALOGUE. LET BOTH SIDES GO COMMITTED TO A WORLD WITH FEWER NUCLEAR WEAPONS -- AND SOME DAY WITH NONE. LET BOTH SIDES GO COMMITTED TO WALK TOGETHER ON A SAFER PATH INTO THE 21ST CENTURY AND TO LAY THE FOUNDATION FOR ENDURING PEACE.

IT IS TIME, INDEED, TO DO MORE THAN JUST TALK OF A BETTER WORLD. IT IS TIME TO ACT. AND WE WILL ACT WHEN NATIONS CEASE TO TRY TO IMPOSE THEIR WAYS UPON OTHERS. AND WE WILL ACT WHEN THEY REALIZE THAT WE, FOR WHOM THE ACHIEVEMENT OF FREEDOM HAS COME DEAR, WILL DO WHAT WE MUST TO PRESERVE IT FROM ASSAULT.

AMERICA IS COMMITTED TO THE WORLD, BECAUSE SO MUCH OF THE WORLD IS INSIDE AMERICA. AFTER ALL, ONLY A FEW MILES FROM THIS VERY ROOM IS OUR STATUE OF LIBERTY, PAST WHICH LIFE BEGAN ANEW FOR MILLIONS -- WHERE THE PEOPLES FROM NEARLY EVERY COUNTRY IN THIS HALL JOINED TO BUILD THESE UNITED STATES.

THE BLOOD OF EACH NATION COURSES THROUGH THE AMERICAN VEIN -- AND FEEDS THE SPIRIT THAT COMPELS US TO INVOLVE OURSELVES IN THE FATE OF THIS GOOD EARTH. IT IS THE SAME SPIRIT THAT WARMS OUR HEART IN CONCERN TO HELP EASE THE DESPERATE HUNGER THAT GRIPS PROUD PEOPLE ON THE AFRICAN CONTINENT.

IT IS THE INTERNATIONALIST SPIRIT THAT CAME TOGETHER LAST MONTH WHEN OUR NEIGHBOR, MEXICO, WAS STRUCK SUDDENLY BY AN EARTHQUAKE. EVEN AS THE MEXICAN NATION MOVED VIGOROUSLY INTO ACTION -- THERE WERE HEARTWARMING OFFERS BY OTHER NATIONS OFFERING TO HELP AND GLIMPSES OF PEOPLE WORKING TOGETHER, WITHOUT CONCERN FOR NATIONAL SELF-INTEREST OR GAIN.

AND IF THERE WAS ANY MEANING TO SALVAGE OUT OF THAT TRAGEDY, IT WAS FOUND ONE DAY IN A HUGE MOUND OF RUBBLE THAT WAS ONCE THE JUAREZ HOSPITAL IN MEXICO CITY.

A WEEK AFTER THAT TERRIBLE EVENT AND AS ANOTHER DAY OF DESPAIR UNFOLDED -- A TEAM OF WORKERS HEARD A FAINT SOUND COMING SOMEWHERE FROM THE HEART OF THE CRUSHED CONCRETE AND TWISTED STEEL. HOPING BEYOND HOPE, THEY QUICKLY BURROWED TOWARD IT.

AS THE LATE AFTERNOON LIGHT FADED, AND RACING AGAINST TIME, THEY FOUND WHAT THEY HAD HEARD -- AND THE FIRST OF THREE BABY GIRLS -- NEWBORN INFANTS -- EMERGED TO THE SAFETY OF THE RESCUE TEAM.

HERE IS THE SCENE THROUGH THE EYES OF ONE WHO WAS THERE. "EVERYONE WAS SO QUIET WHEN THEY LOWERED THAT LITTLE BABY DOWN IN A BASKET COVERED WITH BLANKETS. THE BABY DIDN'T MAKE A SOUND, EITHER. BUT THE MINUTE THEY PUT HER IN THE RED CROSS AMBULANCE EVERYBODY JUST GOT UP AND CHEERED."

WELL, AMIDST ALL THAT HOPELESSNESS AND DEBRIS CAME A TIMELY -- AND TIMELESS -- LESSON FOR US ALL. WE WITNESSED THE MIRACLE OF LIFE.

IT IS ON THIS THAT I BELIEVE OUR NATIONS CAN MAKE A RENEWED COMMITMENT. THE MIRACLE OF LIFE IS GIVEN BY ONE GREATER THAN OURSELVES. BUT ONCE GIVEN, EACH LIFE IS OURS TO NURTURE AND PRESERVE -- TO FOSTER NOT ONLY FOR TODAY's WORLD BUT FOR A BETTER ONE TO COME.

THERE IS NO PURPOSE MORE NOBLE THAN FOR US TO SUSTAIN AND CELEBRATE LIFE IN A TURBULENT WORLD. THAT IS WHAT WE MUST DO NOW. WE HAVE NO HIGHER DUTY -- NO GREATER CAUSE AS HUMANS. LIFE -- AND THE PRESERVATION OF FREEDOM TO LIVE IT IN DIGNITY -- IS WHAT WE ARE ON THIS EARTH TO DO.

EVERYTHING WE WORK TO ACHIEVE MUST SEEK THAT END SO THAT SOME DAY OUR PRIME MINISTERS, OUR PREMIERS, OUR PRESIDENTS AND OUR GENERAL SECRETARIES WILL TALK NOT OF WAR AND PEACE -- BUT ONLY OF PEACE.

WE'VE HAD 40 YEARS TO BEGIN. LET US NOT WASTE ONE MORE MOMENT TO GIVE BACK TO THE WORLD ALL THAT WE CAN IN RETURN FOR THIS MIRACLE OF LIFE.

THANK YOU. GOD BLESS YOU.

# # #

FILE SLH

XY 42

File No. .....

Department .....
Drafted by
(Block Capitals) .....

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL

Precedence
IMMEDIATE

DESK BY ..... Z

FOR COMMS. DEPT. USE

Despatched *(Date)* .....
(Time) ..... Z

POST BY ..... Z

PREAMBLE

(Time of Origin) ..... Z(G.M.T.)

(Security Class.) CONFIDENTIAL

(Codeword) .....

(Restrictive Prefix) .....
(Caveat) PERSONAL
(Privacy marking) .....

(Desk by) ..... Z

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[TEXT] FOLLOWING FOR PETER RICKETTS FROM CHARLES POWELL WITH PRIME MINISTER.

At their meeting this morning Peres gave the Prime Minister a full account of the proposals which he had made in his speech at the United Nations.

He said that

" to reduce his proposals to their simplest terms, he was offering Jordan a deal: Israel would be helpful over an international conference if Jordan would not insist on PLO participation in negotiations at least at the beginning. He was convinced that the PLO's true purpose was to destroy peace negotiations. And there was no prospect of getting support for negotiations within Israel if the PLO was associated with them. In any case there were signs that King Hussein was becoming disenchanted with Arafat. One had seen it in his reaction to the failure of the meeting between joint Jordanian/Palestinian delegation and the British Government. One saw it now as the olive branch which Jordan was extending to Syria. He detected less emphasis recently from the Jordanians on equal representation for the PLO in negotiations. Israel for its part was ready to look at an international setting for negotiations which would help the King. He appeared to envisage a sort of international opening ceremony, following which actual negotiations would be conducted between the parties in sub-committees. Israel was ready to negotiate with a joint Jordanian/Palestinian delegation provided the Palestinians were not members of the PLO and had renounced violence. Mr Peres concluded that the most interesting development, of which he had been told by the Americans that morning was that the Syrians were showing interest in participating in the proposed international conference and in the appropriate sub-committee.

The Prime Minister thanked Mr Peres for his full exposition of the Israeli proposals. She described the reasons for the United Kingdom's support for King Hussein's initiative and her own invitation to a joint Jordanian/Palestinian delegation to visit Britain. Until recently there had seemed a reasonable prospect that the King's initiative might progress. Then the Americans had unforgiveably introduced the new condition of direct negotiations between Jordan and Israel as the price for a meeting between Murphy and a joint delegation. This had been followed by difficulties in the negotiations over Taba and the terrorist outrages of Larnaca and the hijacking of the Achille Lauro and Israel's raid on Tunis. All of these had combined to make the climate for the King's efforts distinctly more difficult. Her own attempt to help by inviting a joint Jordanian/Palestinian delegation to London had fallen victim to this increasingly hostile background. However she continued to have great admiration for King Hussein's courage and believed that he would continue to seek a way forward, perhaps through an international conference.

Mr Peres said that it sometimes riled him when people spoke exclusively of King Hussein's courage. After all, it was Israel which was being asked to give. That took courage. He recounted the positive steps taken by Israel:agreement to arbitration over Taba, withdrawal from Lebanon (Israel should never have been there, observed the Prime Minister), freezing of settlements on the West Bank, readiness to negotiate directly with Jordan. Yet no corresponding gestures had come from the Arab side. It was simply not practical to say to Israel that Jordan would get arms from the United States, that the PLO would get the West Bank and that Israel should give up territory (it is not yours to give, observed the Prime Minister). He had to take account of political factors in Israel and the views of the other partners in the coalition. He came back to his stating: Israel could meet Jordan by agreeing to an international conference but could not accept the PLO as a partner in the peace process. To do so would be disastrous for his party. If the PLO were to renounce terrorism and accept SCR 242 the situation would be different. The Prime Minister said that this was why Britain had been trying to encourage and strengthen moderate Palestinians. It had been a great pity that Israel had spoken out so extravagantly against our efforts."

Please give this account only very limited circulation.

CONFIDENTIAL

fl VC ACU. cc Sir P.C

10 DOWNING STREET

From the Private Secretary

25 October 1985

PRESIDENT REAGAN'S MEETING WITH ALLIED LEADERS

I recorded the outcome of this meeting in UMKIS telegram number 935. The Prime Minister tells me that discussion at the subsequent dinner was largely anecdotal and nothing of moment was said. Sir Antony Acland will report the discussion at the separate dinner of Foreign Ministers which he attended in place of the Foreign Secretary.

At the end of the afternoon session, President Reagan asked the Prime Minister to let him have that same evening a suggested line to take with Gorbachev on the points which she had raised in the discussion among allied leaders (paragraph 2 of UKMIS telno 935 refers). The Prime Minister handed the President the enclosed note yesterday evening. I also gave a copy to Mr. McFarlane. It had to be run up rather hastily and has no formal status. You may nonetheless like to have it for your records.

I am copying this letter and enclosure to Michael Stark (Cabinet Office).

CHARLES POWELL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Given to the President by the PM on 24/x

POINTS WHICH THE PRESIDENT MIGHT MAKE TO MR. GORBACHEV ARISING FROM THE EFFECT OF S.D.I. ON THE SOVIET APPROACH

CDD 24x

I want you to understand first of all that the United States is a peace loving country. We have never wanted war, never started a war and we don't covet anyone else's territory. There was a time back in the 1940s and 1950s when we had nuclear weapons and you didn't. But we never made use of that superiority to attack the Soviet Union or to threaten it. We want to live in peace with you.

For the last 30 years that peace has been guaranteed by nuclear deterrence based on approximate equality of nuclear weapons. We don't want to destroy that equality or upset that balance. On the contrary we want to maintain it. The world is a safer place if the Soviet Union and the United States are roughly equal in strength. But we would prefer to see that balance become predominantly one between defensive rather than offensive weapons. That is the purpose of our research programme into S.D.I. And I hope it is the reason why you also are doing this research.

It's no secret that it is going to take several years before we know whether this research is going to produce useable results, though the outlook is promising. We are still far from the phase of irrevocable decisions about a future generation of defensive systems.

We both need a degree of reassurance about what the other side is doing in an area of strategic defence. I think this could best come from reaffirming and strengthening the ABM Treaty. Despite some ambiguities this has served us well and it is something we both know. We could agree now to extend the period of notice needed for denunciation of the

/ Treaty

Treaty. We could commit ourselves to negotiate further to try to achieve agreed interpretations of those parts of it about which our views differ.

But if we're more ambitious we could go beyond that. We might try to agree on what we would and would not do on strategic defence within a specified period. This would give us the reassurance of clarity about each other's intentions. It would also prepare us for the difficult and longer term task of negotiating a transition from strategies based on offence to strategies based on defence.

But for now I want to give you an absolute assurance on four points:-

- The U.S. will not seek superiority over you. Our goal is balance. And we recognise that you want and are entitled to the same.

- Secondly the U.S. will not do anything in its research and testing which contravenes the ABM Treaty.

- Thirdly if our work does move into new areas, we shall discuss them with you as provided for in Agreed Statement D to the ABM Treaty.

- And we shall not deploy strategic defence weapons without prior negotiation with you in accordance with the ABM Treaty.

I hope you will find what I have said reassuring. We have no designs on you. We recognise you as equals. We know that you are entitled as we are to feel secure. Let's

/ find

find that security for both of us by spelling out our intentions with clarity, explaining our motives with frankness and accepting that the world cannot be safe for one of us unless it is safe for both of us.

MEETING WITH PRESIDENT REAGAN

1. Thanks for sending McFarlane. Congratulations on outcome of Achille Lauro.

2. Meeting with Gorbachev. How does he propose to handle the meeting of the Six tomorrow? How can you help him at it? Ready to consider a brief communique (draft available).
   Is it US intention to produce a counter to the Soviet arms control proposal? Should exploit the chance which some of the Soviet ideas offer to get a real negotiation started.

Particular interest in handling of modernisation in light of Trident.

How does the President envisage the outcome of the Summit?

SECRET

3. UN Speech. Noted his intention to propose a structure of negotiations with the Soviet Union on regional conflicts. Don't know exactly what he will say, but have some reservations on the points which have been reported to us (see attached tel.). Risk drawing the Soviet Union into areas of particular concern to the West.

4. South Africa. His intentions on further measures. Your success in containing the pressure for these. Need to keep Botha up to the mark on reforms.

5. SDI participation. Some useful technical discussions, but still need from US a political decision to give us a substantial share of work in contractual form, and with a guaranteed availability of US information.

6. Middle East. Regret failure to meet joint Jordanian/Palestinian delegation. How does he assess chances of agreement with Hussein on an inter-national framework for negotiations?

/ 7.

7. MSE/Ptarmigan. Political significance for you. Where systems are similar in price, must be an element of politics in the choice. US decision vital to choice by other countries such as Italy and South Korea.

8. MBFR. Hope he found your message useful and can accept UK/Germany proposal.

9. Extradition. Hope Administration will lend its full weight to getting the Treaty through Congress.

/ 10.

SECRET

10. Ireland. An account of where you have got to with Garret Fitzgerald.

11. Trade/Finance. One man's retalisation is another man's protectionism.

CONFIDENTIAL

File

SUBJECT.
cc Master.

SLH

10 DOWNING STREET

From the Private Secretary

24 October 1985

Dear Colin, (Signed by mistake)

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI
IN NEW YORK ON 24 OCTOBER

The Prime Minister had a brief meeting with Signor Craxi at the United Nations building this morning.

Signor Craxi talked about the political situation in Italy. It had not been strictly necessary for him to resign, but the rules of fair play said that when a coalition partner pulled out, the Government fell. He was now engaged in consultations to form a new Government and expected to succeed in a few days. It was urgent to form a new government because the budget had to be agreed by the end of the year.

The Prime Minister complimented Signor Craxi on bringing the hijackers of the Achille Lauro to face justice. Craxi said that a number of accomplices had now been arrested. The hijackers themselves were very young men and probably small fry. He was concerned at the spread of terrorism in Europe, particularly Arab terrorism.

The Prime Minister asked Signor Craxi's views on the forthcoming US/Soviet summit. Craxi said that he wanted to see it be a turning point in US/Soviet relations. He did not expect great results in negotiating terms: one had to proceed gradually. But he hoped it would open a new phase of readiness to negotiate.

The Prime Minister said that she thought President Reagan's speech to the General Assembly had been excellent, though his proposals for US/Soviet discussions on regional issues needed to be considered very carefully. Signor Craxi appeared to agree.

The Prime Minister said that she was increasingly doubtful whether it would be possible to bring the issues before the Inter-governmental conference to the point of decision by the time of the European Council in December. Certainly faster progress

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than hitherto would be needed if this was to be a realistic goal. Signor Craxi agreed that the work was complex and was proceeding slowly. It would be a mistake to press for decisions prematurely.

I am copying this letter to Michael Stark (Cabinet Office).

Yours sincerely,

Charles Powell

C D POWELL

Colin Budd, Esq.,

Foreign and Commonwealth Office

The National Archives

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SECRETARY-GENERAL'S STATEMENT AT THE COMMEMORATIVE SESSION OF THE GENERAL ASSEMBLY

24 October 1985

Mr. President, Distinguished Delegates,

This is a solemn moment. Leaders of nations are assembled here and behind them all is the single, collective constituency of the human race. Every such gathering at a historic point involves a report to that constituency -- to its vast, silent majority which wants peace with justice and dignity, with freedom from fear and the hope of a better tomorrow.

The observance of this anniversary has meaning not so much as a symbol but as an opportunity. In its own way, the occasion has set the stage to make a fresh beginning and try and overcome current stalemates on major issues. The commemoration assumed the importance that it did because international relations had reached a critical stage. The time had come to reflect on where a retreat from multilaterism would lead the world.

The Assembly has had a comprehensive and well-focussed general debate. Delegations from all regions have made balanced assessments of both the achievements and the failures of the United Nations. The practical and pressing question of how to make the United Nations more effective has been the running theme of the debate. Answers may differ but there is a common recognition of the value of the United Nations as the most authentic expression of the international community in all its diversity. No single national viewpoint can dominate or exclude others in this forum. The challenge is to hammer out agreements from the differences and to harmonize the actions of nations in the attainment of their common ends.

The forty years of its working have made the United Nations a unique instrument in the hands of governments for answering this challenge. With the admission of one hundred and eight states in addition to the fifty one original signatories, the Organization has vastly greater legitimacy and is far more representative today than it was when its Charter came into force. At the same time, it has kept pace with the phenomenal growth of human concerns brought about by progress in science and technology, communications and social awareness. Its agenda now embraces all subjects which affect international peace and human advancement.

It is paradoxical, therefore, that with greater legitimacy, there should be less power and cohesion. The paradox is ironic but it is not inherent. If the sense of solidarity among the membership is strong enough, the instrument can be used with the effectiveness that its nature demands. The world's statesmanship is on test.

It seems that greater coherence could be achieved and the sense of solidarity strengthened if there were less confrontational postures and also if Member States, faced with an issue, paid regard both to the principles and the practical considerations involved. Multilaterism as embodied in the United Nations is sustained by an attachment to common ends and this attachment is born of adherence to principles. It would be a self-stultifying course for the United Nations to sanction any transaction or undertaking which ignores or bypasses the principles of the Charter. But devotion to principles needs to express itself in concrete, workable proposals and not in rhetoric only. If the note of authority in the pronouncements of the United Nations is weakened, if either principles or pragmatic considerations are disregarded, there is a price to pay in terms of mobilizing the support of governments and the enthusiasm of peoples throughout the globe.

Humanity cannot afford to pay that price. We are living in a world seething with tensions and racked by violence. Unresolved disputes continue to fester. The scourge of terrorism is yet unchecked. Drug abuse has spread like the plague. Crime has been internationalized. Sophisticated arms are within easy access. The only rational response to such a situation is for governments to co-operate in enforcing a code of behaviour which will restore civility to international life.

As we are gathered here at this commemorative session, there are popular expectations of a relaxation of tensions, global or regional. International opinion is not as cynical as we sometimes presume but it is harshly intolerant of professions not followed by practice and of hopes that are belied. The affirmations of commitment to the Charter made during this session -- and in the designation of 1986 as the Year of Peace -- need to be backed up by responsible negotiations towards resolving major disputes and in the key areas of arresting the arms race, overcoming the crisis in development and promoting human rights. If they are not, public opinion will regard the pronouncements made here as mere posturing, an exercise in hypocrisy. Acting together, governments can avert that kind of disillusionment.

At this critical moment in history, it is important to recall that the very first resolution adopted by the United Nations dealt with the elimination of atomic weapons and the use of atomic power for peaceful purposes. Today, forty years later, this goal seems remote; the terminal danger posed by the nuclear arms race has grown rather than abated. Meanwhile, the conventional arms race has proceeded apace and exacted a toll in scores of wars and a vast number dead.

A world which spends nearly one trillion dollars a year for military purposes, and cannot spare a fraction of that for the elimination of poverty, is a world with a grossly distorted sense of

priorities. It is also an insecure world, with its insecurity aggravated and made chronic by the accumulation of weapons, nuclear or conventional. Given a consciousness of this fact, there is no reason to regard the arms race as irreversible. The conclusion of some specific agreements on arms limitation over the years shows that compromises are possible and a sense of common interest can prevail over the illusion of unilateral advantages.

It is this sense of common interest that, I am sure, will inspire bilateral negotiations between the two most powerful states. I welcome the forthcoming meeting between the leaders of the Soviet Union and the United States. They bear a responsibility not only to their own peoples but also to all humanity and to future generations. There is hope all over the world that their meeting will lead to substantive progress in relieving the dread of nuclear catastrophe. This could turn the tide of history.

The crisis in development, especially as reflected in the external debt situation of developing countries, is an alarming symptom of the disequilibrium in the global economy. It calls for imaginative solutions. The quest for these needs to be imbued with a greater sense of partnership between developed and developing countries. The issues involved, centring on trade and finance, have such profound political and social implications that they need to be dealt with effectively as part of a wider political process. Failure to initiate it can lead to widespread economic decline and social chaos. The industrial countries will not remain untouched as the global economy can now hardly be said to operate in a manner conducive to their own growth and prosperity.

These problems are not new. Much debate and analysis has already taken place. The next step would be for the political leadership of Member States to provide a vital impulse to working out their solutions. The effort would need to be appropriately carried forward, using to the fullest the mechanisms of this Organization.

One of the distinctive features of the ethos created by the United Nations is the international concern with the promotion of human rights. While there is need to end violations in a number of societies, there is the unique and universally condemned situation of apartheid where racial discrimination is organized by the state. The situation clearly shows that when human rights are suppressed, resistance erupts and when resistance is met by violence, the political and economic cost can become unbearable. I believe that pressure exerted by the world community can help resolve this situation. This would set a persuasive example of how seriously we take one of the purposes of the United Nations stated in the very first article of the Charter.

Mr. President: This is not the moment for me to refer to the various focal points of tension in the world. The political climate today may be bleak but it is capable of being transformed. One act of joint statesmanship, especially by the major powers, one example of the prevailing of the sense of common interest, whether in a strategic region or on the global level, can have that transforming effect.

Finally, I would submit that the Charter of the United Nations whose coming into force we are commemorating today is a treaty unlike any other. It embodies a pledge given by one hundred fifty-nine states not only to one another but to all the peoples of the world. The terms of the pledge were not suggested merely by idealism. Chastened by a most destructive war, the framers of the Charter had a concentrated understanding of the roots of conflict and the necessities of peace. I believe that if the primary principles of the Charter retain their relevance, as they do, it is because they are not incompatible with hard-headed but far-sighted realism. If we recapture the insights which permeate the Charter, the capacity of the United Nations will be enhanced and its authority renewed.

The fear of nuclear disaster, the agonies of the victims of conflict, the despair of the poor, the suffering of the persecuted and the uprooted, the rampancy of violence, the derangements which imperil order and the juxtapositions of peril and promise throughout the human situation -- none of these can be removed or overcome by the efforts of any one government alone. All underline the need to strengthen that structure of international co-operation which is the United Nations.

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Mr Powell No10 DST
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OF 230750Z OCTOBER 85

ADVANCE COPY

IMMEDIATE

FOR POWELL AT NO 10.
UKDEL NASSAU TELNO 2: SOUTH AFRICAN REACTION TO THE COMMONWEALTH ACCORD.

1. ACTION TAKEN FIRST THING THIS MORNING WITH PIK BOTHA'S PRIVATE SECRETARY. HE SAID THAT A CABINET MEETING HAD JUST STARTED AND HE WOULD SEND THE CONTENTS OF YOUR MESSAGE STRAIGHT IN TO HIS MINISTER AND ASK HIM TO INFORM THE PRESIDENT.

2. PRIVATE SECRETARY ADDED THAT A DRAFT REPLY TO THE PRIME MINISTER'S LETTER FROM NASSAU HAS ALREADY BEEN SUBMITTED TO THE PRESIDENT. IF THIS WAS APPROVED THE PRIVATE SECRETARY THOUGHT IT SHOULD MEET THE CONCERNS EXPRESSED IN YOUR LATEST TELEGRAM.

MOBERLY

YYYY

POHPAN 2165

NNNN

FCO have copied to New York. (PM's PARTY)
24/10.

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C O N F I D E N T I A L VIA CABINET OFFICE CHANNELS
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PLEASE PASS AT OPENING OF BUSINESS TO CHARLES POWELL FROM ROBERT C. MCFARLANE, ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS.

DEAR CHARLES,

WE WISH TO ALERT YOU TO TWO TOPICS ON WHICH THE PRESIDENT WOULD GREATLY APPRECIATE RECEIVING MRS. THATCHERS VIEWS, WHEN THEY MEET ON WEDNESDAY.

FIRST, WE HAVE NO INTENTION OF SEEKING THE SORT OF SUBSTANTIVE JOINT COMMUNIQUE THAT HAS BECOME A KEY FEATURE OF RECENT ECONOMIC SUMMIT MEETINGS. THURSDAYS SESSION, OF COURSE, IS NOT AN OFFICIAL SUMMIT MEETING.

ON THE OTHER HAND, IF THURSDAYS MEETING LENDS ITSELF TO SUCH AN OUTCOME, WE WOULD, NEEDLESS TO SAY, BE PLEASED IF THE PARTICIPANTS WISHED TO ISSUE STATEMENTS INDIVIDUALLY OR COLLECTIVELY. SUCH A STATEMENT MIGHT SAY NO MORE THAN THAT A WORTHWHILE EXCHANGE OF VIEWS HAD TAKEN PLACE, THAT PRESIDENT REAGAN WELCOMED ALLIED COUNSEL AND REITERATED HIS COMMITMENT TO CLOSE CONSULTATIONS. IT COULD ALSO EXPRESS SUPPORT FOR U.S. EFFORTS IN GENEVA AND THE HOPE THAT THE PRESIDENTS MEETING WITH GORBACHEV WOULD ESTABLISH A FOUNDATION FOR PROGRESS ACROSS THE FULL RANGE OF EAST-WEST ISSUES.

THE PRESIDENT WOULD WELCOME ANY THOUGHTS MRS. THATCHER MIGHT HAVE ON WHETHER SUCH A STATEMENT IS WORTH CONSIDERING.

SECONDLY, A NUMBER OF ALLIES HAVE ASKED US ABOUT OUR POST-GENEVA CONSULTATION PLANS. WE ARE CONSIDERING A NUMBER OF OPTIONS, INCLUDING HAVING THE PRESIDENT STOP IN BRUSSELS TO BRIEF THE ALLIES ON NOVEMBER 21 ON HIS WAY HOME FROM GENEVA. AGAIN, IT WOULD BE USEFUL IF MRS. THATCHER COULD GIVE US A FRANK ASSESSMENT OF WHETHER SHE WOULD BE INTERESTED AND COULD ATTEND. I WISH TO UNDERLINE THE PRESIDENT IS SIMPLY TRYING TO FIND A WAY TO BRIEF THE ALLIED LEADERS AS QUICKLY AND DIRECTLY AS POSSIBLE, AND WE ARE OPEN TO SUGGESTIONS AS TO HOW BEST TO DO THIS.

I LOOK FORWARD TO SEEING YOU ON WEDNESDAY AND WISH TO EMPHASIZE THAT WE HAVE NOT DISCUSSED EITHER OF THESE POSSIBILITIES WITH OTHER ALLIES. BEFORE DOING SO, THE PRESIDENT WOULD LIKE TO HAVE MRS. THATCHERS VIEWS.

BEST REGARDS,
BUD

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CONFIDENTIAL

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SUBJECT
cc Master

DSG

10 DOWNING STREET

From the Principal Private Secretary

23 October 1985

Dear Len,

PRIME MINISTER'S MEETING WITH THE UN SECRETARY-GENERAL
THURSDAY 23 OCTOBER

The Prime Minister called on the Secretary General today in his Office at the UN Building for a forty minute discussion. Sir Antony Acland and Sir John Thomson were present. The Secretary General was accompanied by Mr. Urquhart, Mr. Virendra Dayal, Mr. Alvaro de Soto and Mr. Paul Kavanagh.

After the Secretary General had thanked the Prime Minister for Britain's support for the UN and had paid tribute to Sir John Thomson, there was discussion of four things, namely Cyprus, Southern Africa, the Middle East and the next UN High Commissioner for Refugees. I enclose letters which record the discussions.

Yours sincerely

Nigel Wicks

Nigel Wicks

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

DSG

CONFIDENTIAL

10 DOWNING STREET

From the Principal Private Secretary

23 October 1985

Dear Ian,

PRIME MINISTER'S MEETING WITH THE UN SECRETARY GENERAL ON 23 OCTOBER

SOUTHERN AFRICA

During her call on the Secretary General the Prime Minister reported to him some of the discussions at CHOGM on South Africa.

She emphasised her belief that the pressures of the market on the South African people, and their fear that they might not be able to pay their debts, was a much more powerful lever for obtaining political movement in South Africa than the threat of sanctions. She had told President Botha that he should now respond constructively. It was essential that the "group of eminent persons" should handle the President with sensitivity if he was to be persuaded to enter into a full dialogue with the blacks about political movement. The composition of the group was extremely important. The Summit Accord's reference to progress within six months did not, of course, imply that apartheid had to be abolished within that period. Unfortunately many in the Commonwealth did not realise the complexity of the South African situation. The important, and novel, element in the Communique was the call, made by every state of the Commonwealth, for a suspension of violence on all sides. This is why she had accepted the ban on Krugerrands and on government funding for trade missions to South Africa. She was hopeful that President Botha would receive the group of eminent persons.

The Secretary General said that he had expected a signal from the President to help those, like Mrs. Thatcher, who were striving to help forward the political process in South Africa. But no signal had come. The President could have moved forward on the Namibian problem which was easy to solve. He could have stopped his country's destabilisation of neighbouring states. Progress in dismantling apartheid would inevitably be a long process.

The Prime Minister emphasised that more progress had been made in dismantling apartheid in the last six to seven months than had happened for several years. The Secretary General commented that the President still seemed "shy" in moving faster in this direction.

/The

The Prime Minister said that the President was disappointed that the world still criticised him, despite the progress he had made. Nor should it be forgotten that his thinking was ahead of much of his party.

The Secretary General wondered whether the UN could do more to support countries, like Botswana, Lesotho and Swaziland, which were so dependent economically on South Africa. For instance, was it possible to establish "bridges" to those countries in the way that the Allies had supported West Berlin after the War. The Prime Minister replied that the best way of helping the people of those countries was to solve the fundamental problem of giving black people political rights in South Africa.

The Secretary General concluded this part of the discussion by wishing the Prime Minister good luck.

Yours ever

Nigel Wicks

Nigel Wicks

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

10 DOWNING STREET

From the Principal Private Secretary

23 October 1985

Dear Len,

PRIME MINISTER'S MEETING WITH THE UN SECRETARY GENERAL ON 23 OCTOBER

CYPRUS

During her meeting with the Secretary General of the United Nations this morning, the Prime Minister discussed Cyprus.

The Prime Minister said that President Kyprianou had told her at CHOGM about his great concern regarding the current situation. She thought that the prospects of an agreement were slender, even though the two sides were not all that far apart. She asked about what she could do to help the Secretary General's initiative.

Mr. Perez de Cuellar agreed that the two sides were close, both intellectually and on many details. He had been told by both the Greeks and the Turks not to act because of the difficulties created by the forthcoming elections. Nevertheless, he felt that he had a moral duty to try to carry matters forward. The Prime Minister asked whether it would be possible to obtain agreement before the elections. Mr. Perez de Cuellar believed this impossible, though differences between the Greek Cypriot parties were not large. He had written a completely impartial paper which though he would proclaim it as new, was in fact based on the old ideas. He believed that his initiative could have widespread support in the Security Council. He hoped that it might be possible to move from statements to stronger action, including discussions with the two mother countries.

The Prime Minister advised the Secretary General to go ahead with his plans and she undertook to try to persuade President Kyprianou to co-operate. She would remind him that he might lose an opportunity of restoring a unitary Cyprus.

Yours sincerely

Nigel Wicks

Nigel Wicks

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

10 DOWNING STREET

From the Principal Private Secretary

23 October 1985

Dear Len,

PRIME MINISTER'S MEETING WITH THE UN SECRETARY GENERAL ON 23 OCTOBER

MIDDLE EAST

During her discussion with the Secretary General of the UN today, the Prime Minister described her disappointment with the failure of the Joint Delegation Initiative. Clearly the killing of the Israelis at Larnaca, the Israeli bombing at Tunis - an attack by one UN member on another, which was to be deplored - and the hijacking of the Achille Lauro had made it even harder for Milhem to accept the agreed form of words. For the time being it seemed that the peace process was halted. For understandable reasons King Hussein felt unable to negotiate with Israel without the support of the Arab world. She would certainly not put pressure on the King for negotiations against his better judgement. The King was very depressed with the attitude of the United States.

The Secretary General said that in his report to the General Assembly he would try "to keep the window a little open". It was important to think of a way of overcoming the US refusal to involve the Soviet Union in the Middle Eastern peace process.

Yours ever

Nigel Wicks

Nigel Wicks

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

APPOINTMENTS IN CONFIDENCE

10 DOWNING STREET

From the Principal Private Secretary

23 October 1985

Dear Len,

PRIME MINISTER'S MEETING WITH THE UN SECRETARY GENERAL ON 23 OCTOBER

UN HIGH COMMISSIONER FOR REFUGEES

At the end of her discussion with the Secretary General today, the Prime Minister told him that if he were to propose Miss Anstee as the next High Commissioner for Refugees, her nomination would have British support. The Secretary General indicated that he thought that Miss Anstee's would be a good appointment. But he would not want to raise her name at too early a stage. Her candidacy could only succeed as a compromise.

Yours sincerely

Nigel Wicks

Nigel Wicks

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

File

SECRET

SUBJECT

cc Master.

cc: Sir A. Acland

cc Sir P. Cradock

10 DOWNING STREET

From the Private Secretary

23 October 1985

Dear Len,

PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN

I enclose a record of the Prime Minister's bilateral with President Reagan in New York on 23 October. The Prime Minister would wish it to be given only a very limited circulation.

I should add that Bud McFarlane said to me after the meeting that the Administration were indeed working on a counter to the recent Soviet arms control proposals. He would try to let me have details for the Prime Minister's information.

I am sending copies of this letter and its enclosure to Richard Mottram (Ministry of Defence) and Michael Stark (Cabinet Office) with the same injunction about circulation.

Yours sincerely,

Charles Powell

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office

SECRET

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1660 (one piece/item number)	Date and sign
Extract/Item details: Record of conversation between PM and US President, 23 October 1985, 17.00	
CLOSED FOR .....YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
TEMPORARILY RETAINED	15 July 2014 CWayland
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

CONFIDENTIAL

file
SUBJECT
cc Master.
cc Sir P. Cradock

10 DOWNING STREET

From the Private Secretary

23 October 1985

Dear Peter,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF ISRAEL AT THE U.N. PLAZA HOTEL, NEW YORK, ON 23 OCTOBER

The Prime Minister had the best part of an hour's talk with Mr Peres this morning. Mr Peres was accompanied only by a note-taker.

The Prime Minister invited Mr Peres to explain the significance of the proposals which he had made in his speech to the United Nations the day before. Mr Peres said that, to reduce his proposals to their simplest terms, he was offering Jordan a deal: Israel would be helpful over an international conference if Jordan would not insist on PLO participation in negotiations at least at the beginning. He was convinced that the PLO's true purpose was to destroy peace negotiations. And there was no prospect of getting support for negotiations within Israel if the PLO was associated with them. In any case there were signs that King Hussein was becoming disenchanted with Arafat. One had seen it in his reaction to the failure of the meeting between joint Jordanian/Palestinian delegation and the British Government. One saw it now in the olive branch which Jordan was extending to Syria. He detected less emphasis recently from the Jordanians on equal representation for the PLO in negotiations. Israel for its part was ready to look at an international setting for negotiations which would help the King, who appeared to envisage a sort of international opening ceremony, following which actual negotiations would be conducted between the parties in sub-committees. Israel was ready to negotiate with a joint Jordanian/Palestinian delegation provided the Palestinians were not members of the PLO and had renounced violence. Mr Peres concluded that the most interesting development, of which he had been told by the Americans that morning was that the Syrians were showing interest in participating in the proposed international conference and in the appropriate sub-committee.

The Prime Minister thanked Mr Peres for his full exposition of the Israeli proposals. She described the reasons for the United Kingdom's support for King Hussein's initiative and her own invitation to a joint Jordanian/Palestinian delegation to visit Britain. Until recently there had seemed a reasonable prospect that the King's initiative might progress. Then the Americans had unforgiveably introduced the new condition of direct negotiations

between Jordan and Israel as the price for a meeting between Murphy and a joint delegation. This had been followed by difficulties in the negotiations over Taba and the terrorist outrages of Larnaca and the hijacking of the Achille Lauro and Israel's raid on Tunis. All of these had combined to make the climate for the King's efforts distinctly more difficult. Her own attempt to help by inviting a joint Jordanian/Palestinian delegation to London had fallen victim to this increasingly hostile background. However she continued to have great admiration for King Hussein's courage and believed that he would continue to seek a way forward, perhaps through an international conference.

Mr Peres said that it sometimes riled him when people spoke exclusively of King Hussein's courage. After all, it was Israel which was being asked to give. That took courage. He recounted the positive steps taken by Israel:agreement to arbitration over Taba, withdrawal from Lebanon (Israel should never have been there, observed the Prime Minister), freezing of settlements on the West Bank, readiness to negotiate directly with Jordan. Yet no corresponding gestures had come from the Arab side. It was simply not practical to say to Israel that Jordan would get arms from the United States, that the PLO would get the West Bank and that Israel should give up territory (it is not yours to give, observed the Prime Minister). He had to take account of political factors in Israel and the views of the other partners in the coalition. He came back to his starting point. Israel could meet Jordan by agreeing to an international conference but could not accept the PLO as a partner in the peace process. To do so would be disastrous for his party. If the PLO were to renounce terrorism and accept SCR 242 the situation would be different. The Prime Minister said that this was why Britain had been trying to encourage and strengthen moderate Palestinians. It had been a great pity that Israel had spoken out so extravagantly against our efforts.

The Prime Minister said that she had recoiled from Israel's attack on Tunis with the killing of many civilians. It used to be Israel's pride that it did not kill the innocent. She could not accept the right of retaliation which Israel claimed. Mr Peres said that Israel had gone to very great lengths to avoid killing civilians. There had been four possible targets in Tunis: a PLO communications centre, the headquarters of Force 17, the operational department of the PLO at Arafat's own office. Israel had rejected the last because it was too close to a school. The bombs had been very precise. Many officers of Force 17 had been killed and the only Tunisians to suffer were guards. He could say with one hundred per cent certainty that Israel had taken all possible precautions and no innocent civilians had been killed. The Prime Minister said that our information did not tally. She recalled that Israel itself was not entirely untainted by terrorism. There was no legal or historical justification for Israel's occupation of the West Bank. Nor was it right that Israel should now deny the Palestinians the rights which Israel had sought for herself for more than 2000 years. Mr Peres said that personally he found the occupation distasteful. Jews had never in their history dominated any Arab people. He believed it was corrupting and undesirable.

The Prime Minister and Mr Peres agreed to tell the press that they had discussed the Middle East situation very thoroughly and Mr Peres had explained the thinking behind his United Nations speech. The atmosphere had been one of understanding.

Yours sincerely,

Charles Powell

C D POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

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TO DESKBY 2316ØØZ UKMIS NEW YORK
TELNO 532
OF 231537Z OCTOBER 85
INFO IMMEDIATE UKDEL NATO, BONN, WASHINGTON, VIENNA (PERSONAL FOR AMBASSADORS)

FOR PRIVATE SECRETARY TO PRIME MINISTER
UKDEL NATO TELNO 259: MBFR
1. IT IS INDEED THE CASE THAT NON-TRILATERAL ALLIES WILL NEED CAREFUL HANDLING. BUT THE NEED TO ENSURE THAT NATO'S ARMOURY OF CONVENTIONAL AS WELL AS NUCLEAR ARMS CONTROL POLICIES ARE PRESENTATIONALLY AND SUBSTANTIVELY CREDIBLE IN ADVANCE OF THE REAGAN/GORBACHEV MEETING IS THE ONLY FACTOR LIKELY TO OUTFLANK PENTAGON OPPONENTS OF ARMS CONTROL, WHOSE PREPAREDNESS TO USE DELAYING TACTICS AGAINST OUR PROPOSAL HAS ALREADY BEEN SET OUT IN WASHINGTON TELNO 2914. WE WOULD CONSEQUENTLY BE RELUCTANT TO ADVISE THE PRIME MINISTER TO SEEM TO ADVOCATE A MEASURED PACE.
2. THE DUTCH HAVE ALREADY SENT A POLITICAL MESSAGE TO THE AMERICANS SUPPORTING A MOVE ON LINES ALMOST IDENTICAL TO OUR OWN. WE HAVE BRIEFED BOTH THEM AND THE BELGIANS BILATERALLY, AND THE GERMANS HAVE DONE LIKEWISE WITH CANADIANS. WE THEREFORE ASSESS THE CHANCES OF THEIR ACQUIESCENCE AS GOOD.

HOWE

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RETURN TO CYPHER ROOM — COPY NO. 26 5

SECRET

TOR: 2100/23

FM WASHINGTON

(125)

TO IMMEDIATE FCO

TELNO 2932

OF 2323502 OCTOBER 85

INFO IMMEDIATE UKMIS NEW YORK (FOR PRIME MINISTER'S PARTY), MODUK (FOR HOWE, DACU)

SECRET

PERSONAL FOR DAUNT

OUR TELNO 9 TO UKMIS NEW YORK: ARMS CONTROL: POSSIBLE NEW US PROPOSALS

1. WITH MACFARLANE, ARMACOST, RIDGZAY ET AL NOW IN NEW YORK WITH THE PRESIDENT, IT IS NOT PROVING EASY TO PICK UP CLUES ABOUT THE OUTCOME OF THE 22 OCTOBER NSC MEETING. ADELMAN, WHO ATTENDED THE MEETING, REFUSED TO COMMENT ON IT WHEN HE SAW MALLABY TODAY. BUT TWO STRANDS OF RUMOUR MAY BE WORTH REPORTING.

2. FIRST, LOW LEVEL CONTACTS, UNSIGHTED ON WHETHER ANY SUBSTANTIVE DECISIONS WERE TAKEN YESTERDAY, HOWEVER BELIEVE THAT THE PRESIDENT WAS ADVISED TO INSERT INTO HIS 24 OCTOBER UNGA SPEECH SOME FORM OF TRAILER FOR A COUNTER PROPOSAL. THIS COULD BE EASILY DONE BY BUILDING ON THE FOLLOWING PASSAGE, ALREADY ENCOURAGINGLY POSITIVE, IN THE 22 OCTOBER VERSION OF THE SPEECH:

QUOTE WE ARE STUDYING THE SOVIET COUNTER-PROPOSALS CAREFULLY. I BELIEVETHAT WITHIN THEIR PROPOSALS THERE ARE SEEDS WHICH WE SHOULD NURTURE, AND IN THE COMING WEEKS WE WILL SEEK TO ESTABLISH A GENUINE PROCESS OF GIVE-AND-TAKE. UNQUOTE

3. SECONDLY, WE DETECT THAT THE NSC DISCUSSION MAY IN FACT HAVE TOUCHED ON POSSIBLE ABM TREATY OPTIONS, INCLUDING THOSE LISTED BY RIDGWAY ON 22 OCTOBER (PARA 5 OF TUR) AND ALSO THE POSSIBILITY OF AMENDING ARTICLE XV TO EXTEND THE REQUIRED PERIOD OF NOTICE OF WITHDRAWAL FROM THE PRESENT SIX MONTHS TO EG 5 YEARS, IN ORDER TO PERMIT ADEQUATE PRIOR NOTIFICATION OF ANY PROPOSED STRATEGIC DEFENSIVE DEPLOYMENT BY EITHER SIDE.

/4.

4. A WASHINGTON POST ARTICLE ON 23 OCTOBER, QUOTING DOD SOURCES, ALLEGED THAT MACFARLANE'S SAC-G OFFICIAL GROUP AGREED ON 4 OCTOBER TO RECOMMEND AMENDMENT TO PROVIDE A NOTICE PERIOD OF QUOTE 5 TO 7 YEARS UNQUOTE. IN TALKING TO MALLABY TODAY, ADELMAN DISMISSED THE IDEA OUT OF HAND: IT HAD NEVER BEEN DISCUSSED IN THE SAC'G GROUP, AND NO MEMBER OF THAT GROUP HAD ANY WISH TO INCREASE EXISTING BARRIERS TO SDI. OFFICIAL SPOKESMEN HAVE DESCRIBED THE REPORTED SAC-G DECISION AS QUOTE UTTERLY WITHOUT FOUNDATION UNQUOTE. IT IS CERTAINLY WHOLLY IMPLAUSIBLE THAT OFFICIALS COULD ON 4 OCTOBER HAVE REACHED AGREEMENT ON THE IDEA, BUT OUR HUNCH IS THAT IT IS STILL ON THE TABLE NOW: THE WASHINGTON POST STORY COULD HAVE BEEN A PLANT DESIGNED TO DISCREDIT IT.

WRIGHT

DIST: PM' PARTY
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MESSAGE TO CHARLES POWELL FROM BUD McFARLANE

DEAR CHARLES,

WE WISH TO ALERT YOU TO TWO TOPICS ON WHICH THE PRESIDENT WOULD GREATLY APPRECIATE RECEIVING MRS. THATCHER'S VIEWS, WHEN THEY MEET ON WEDNESDAY.

FIRST, WE HAVE NO INTENTION OF SEEKING THE ~~THOUGHT~~ SORT OF SUBSTANTIVE JOINT COMMUNIQUE THAT HAVE BECOME A KEY FEATURE OF RECENT ECONOMIC SUMMIT MEETINGS. THURSDAY'S SESSION, OF COURSE, IS NOT AN OFFICIAL SUMMIT MEETINGS. ON THE OTHER HAND, IF THURSDAY'S MEETING LENDS ITSELF TO SUCH AN OUTCOME WE WOULD, NEEDLESS TO SAY, BE PLEASED IF THE PARTICIPANTS WISHED TO ISSUE STATEMENTS INDIVIDUALLY OR COLLECTIVELY. SUCH A STATEMENT MUST SAY NO MORE THAN THAT A WORTHWHILE EXCHANGE OF VIEWS HAVE TAKEN PLACE, THAT PRESIDENT REAGAN WELCOMES ALLIED COUNSEL AND REITERATED HIS COMMITMENT TO CLOSE CONSULTATIONS.

IT WOULD ALSO EXPRESS SUPPORT FOR US EFFORTS IN GENEVA AND THE HOPE THAT THE PRESIDENT'S MEETING WITH GORBACHEV WOULD ESTABLISH A FOUNDATION FOR PROGRESS ACROSS THE FULL RANGE OF EAST/WEST ISSUES. THE PRESIDENT WOULD WELCOME ANY THOUGHTS MRS. THATCHER MIGHT HAVE ON WHETHER SUCH A STATEMENT IS WORTH CONSIDERING.

SECONDLY, A NUMBER OFALLIES HAVE PRESSED US ABOUT OUR POST-GENEVA CONSULTATION TERMS. WE ARE CONSIDERING A NUMBER OF OPTIONS, INCLUDING HAVING THE PRESIDENT STOP IN BRUSSELS TO BRIEF THE ALLIES ON 21 NOVEMBER ON HIS WAY HOME FROM GENEVA. AGAIN, IT WOULD BE USEFUL IF MRS. THATCHER WOULD GIVE US A FRANK ASSESSMENT OF WHETHER SHE WOULD BE INTERESTED AND WOULD ATTEND. I WISH TO UNDERLINE THE PRESIDENT IS SIMPLY TRYING TO FIND A WAY TO BRIEF ALLIED LEADERS AS QUICKLY AND DIRECTLY AS POSSIBLE, AND WE ARE OPEN TO SUGGESTIONS AS TO HOW BEST TO DO THIS. I LOOK FORWARD TO SEEING YOU ON WEDNESDAY AND WISH

[This is a Thursday: apart from that, you could attend].

/ TO

TO EMPHASISE THAT WE HAVE NOT DISCUSSED EITHER OF THESE POSSIBILITIES WITH OTHER ALLIES. BEFORE DOING SO, THE PRESIDENT WOULD LIKE TO HAVE MRS. THATCHER'S VIEWS.

23 OCTOBER 1985

POINTS WHICH THE PRESIDENT MIGHT MAKE TO MR GORBACHEV

I want you to understand first of all that the United States is a peace loving country. We have never wanted war, never started a war and we don't covet anyone else'e territory. There was a time back in the 1940s and 1950s when we had nuclear weapons and you didn't. But we never made use of that superiority to attack the Soviet Union or to threaten it. We want to live in peace with you.

For the last 30 years that peace has been guaranteed by nuclear deterrence based on approximate equality of nuclear weapons. We don't want to destroy that equality or upset that balance. On the contrary we want to maintain it. The world is a safer place ifthe Soviet Union and the United States are roughly equal in strength. But we would prefer to see that balance become predominantly one between defensive rather than offensive courses. That is the purpose of our research programme into SDI. And I hope it is the reason why you also are doing this research.

It's no secret that it is going to take several years before we know whether this research is going to produce useable results, though the outlook is promising. We are still far from the phase of irrevocable decisions about a future generation of defensive systems.

We both need a degree of reassurance about what the other side is doing in an area of strategic defence. I think this could best come from reaffirming and strengthening the ABM treaty. Despite some ambiguities this has served us well and it is suffering we both know. We could agree now to extend the period of notice needed for

denunciation of the treaty. We could commit ourselves to negotiate further to try to achieve agreed interpretations of those parts of it about which our views differ.

But if we're more ambitious we could go beyond that. We might try to agree on what we would and would not do on strategic defence within a specified period. This would give us the reassurance of clarity about each other's intentions. It would also prepare us for the difficult and longer term task of negotiating a transition from strategies based on offence to strategies based on defence.

But for now I want to give you an absolute assurance on three points:

- The US will not seek superiority over you. Our only goal is balance and equality. And we recognise that you want and are entitled to the same.

- Secondly the US will not do anything in its research and testing which contravenes the ABM treaty.

- Thirdly if our work does move into new areas, we shall discuss them with you as provided for in Agreed Statement D to the ABM Treaty.

- And we shall not deploy strategic defence weapons without prior negotiation with you.

I hope you will find what I have said reassuring. We have no designs on you. We recognise you as equals. We know that you are entitled as we are to feel secure. Let's find that security for both of us by spelling out our intentions with clarity, explaining our motives with frankness and accepting that the world cannot be safe for one of us unless it is safe for both of us.

GRS 222

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FM FCO

TO IMMEDIATE UKDEL NASSAU

TELNO 83

OF 221230Z OCTOBER 85

FOLLOWING FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES PRESIDENT REAGAN'S ADDRESS TO UNGA, 24 OCTOBER

1. THE US AMBASSADOR CALLED ON MR RENTON THLS MORNING TO HAND OVER A NON-PAPER OUTLINING PROPOSALS THE PRESIDENT WILL INCORPORATE IN HIS UNGA SPEECH FOR A FRAMEWORK FOR DEALING WITH REGIONAL CONFLICTS. MR PRICE EXPLAINED THAT THE SPEECH WAS DESIGNED TO BE A TRAILER FOR NEXT MONTH'S MEETING WITH GORBACHEV. THE PRESIDENT'S AIM WAS TO DEMONSTRATE TO THE SOVIET UNION THAT THERE WERE MATTERS OTHER THAN ARMS CONTROL FOR HIM AND GORBACHEV TO DISCUSS.

2. THESE PROPOSALS ARE BEING CONVEYED TO THE SOVIET UNION BEFORE THE SPEECH. MR PRICE ASKED FOR OUR COMMENTS ON THEM TO BE PASSED TO HIM BY CLOSE OF PLAY TODAY.

3. MR RENTON PROMISED THAT WE WOULD CONSIDER THE PROPOSALS OUTLINE URGENTLY. HIS OWN INITIAL REACTION WAS THAT IT WAS A LITTLE STRANGE TO DISCUSS REGIONAL CONFLICTS WITHOUT MAKING ANY MENTION OF THE MIDDLE EAST.

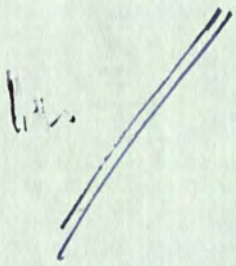
4. TEXT OF US NON-PAPER FOLLOWS IN MIFT. IT ASKS FOR PUBLIC EXPRESSIONS OF SUPPORT AFTER THE PRESIDENT HAS MADE HIS SPEECH. INITIAL COMMENTS WILL FOLLOW A.S.A.P. TODAY.

HOWE

presumably to New York

Where Gurney sings
dignity & kind of self-detachment,
~~where~~ where

where Quinn sends, dignity
drowning not avoid

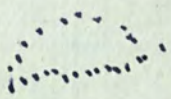


(?) point
come from
through effort

We welcome
an invading reflective
~~sense~~ ~~is~~ ~~to~~ ~~the~~ Quinn
clear feeling
is denied

One dilemma
poets must be
in relation of emphasis

negative &
attitudes of who
are ~~incomplete~~ incomplete



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CDP
23/10

SUPPLEMENTARY BRIEFING FOR PRIME MINISTER'S MEETING WITH SECRETARY-GENERAL ON WEDNESDAY 23 OCTOBER: CYPRUS

1. * ~~~~ * just received suggests that:

(i) The Secretary-General may well put the proposal for Security Council action to the Prime Minister on which we should give him support.

(ii) Kyprianou is described as having told the Secretary General that it was "not essential" to delay the negotiating process on account of the Parliamentary elections due in December; and

(iii) Brian Urquhart may be employed to deliver the new version of the documentation to the two sides.

* ~ * Passage deleted and retained under Section 3(4)

22 October 1985

CAWayland
10 July 2014

PS

PRIME MINISTER'S MEETING WITH SECRETARY-GENERAL ON 23 OCTOBER: CYPRUS

1. The * ~ * which we obtained only this afternoon, is relevant to the briefing on Cyprus provided in FCO tel no 72 to Nassau. It reveals more of the Secretariat's thinking behind their possible intention of asking for Security Council support in launching the next version of the documentation. It may also indicate that the Secretary-General is more likely than we thought before to put the proposal for Security Council action to the Prime Minister at their meeting.

2. Two points in the report contradict what the Secretary-General earlier told Sir John Thomson (reported in UKMIS tel no 896): Kyprianou is described as having ~~said~~ told the Sec Council that it was "not essential" to delay the negotiating process on account of the Parliamentary elections due in December; and Brian Urquhart may be employed to deliver the new version of the documentation to the two sides.

D A Gore-Booth

22 October 1985

* ~ * Passage deleted and retained under Section 3(4)

D Wayland
10 July 2014

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1660 (one piece/item number)	Date and sign
Extract/Item details: Report dated 18 October 1985	
CLOSED FOR .....YEARS UNDER FOI EXEMPTION	
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FM FCO TOR 1750/21 OCT 85

TO DESKBY 212200Z UKDEL NASSAU (FOR SECRETARY OF STATE'S PARTY)

TELNO 72

OF 211930Z OCT 85

INFO IMMEDIATE UKMIS NEW YORK, NICOSIA, ATHENS, ANKARA

INFO PRIORITY WASHINGTON

INFO ROUTINE PARIS, BONN, ROME, CBFC MOD UK SEC (O)(C)

FCO TELNO 48

CYPRUS

1. WE SEE TWO QUESTIONS: (A) WHETHER THE SECRETARY GENERAL SHOULD PRESENT HIS THIRD SET OF DOCUMENTATION TO THE SECURITY COUNCIL AND CALL FOR THEIR SUPPORT. (B) WHETHER HE SHOULD TRY TO PROCEED WITH HIS INITIATIVE AT ALL BEFORE THE GREEK CYPRIOT ELECTIONS ARE OUT OF THE WAY.

2. ON (A), WHERE THE SECRETARY GENERAL HAS SPECIFICALLY SOUGHT OUR ADVICE (UKMIS TEL 896), THE RISKS ARE CONSIDERABLE. WE SPELT THEM OUT IN OUR TUR. ANKARA TEL 453 (PARA 1 A-E) AND NICOSIA TEL 319 (PARA 8) DO SO IN MORE DETAIL. WHEN THE PRIME MINISTER SEES THE SECRETARY GENERAL SHE WILL WANT TO DRAW ON THESE ADDITIONAL POINTS TO REINFORCE OUR DOUBTS TO HIM.

3. BUT A FINAL DECISION MUST BE FOR HIM. SHOULD HE MAKE CLEUR TO THE PRIME MINISTER HIS INTENTION TO PROCEED TO THE SECURITY COUNCIL, WE SEE NO ALTERNATIVE BUT TO PROMISE OUR HELP. THE AUSTRALIAN ROLE IN THE COMMONWEALTH ACTION GROUP (ANKARA TUR PARA 1(E) IS A COMPLICATION, BUT WE STILL BELIEVE THAT ACTION UNDER AN AUSTRALIAN PRESIDENCY HAS A BETTER CHANCE OF SUCCESS THAN UNDER ANY OTHER IN THE NEAR FUTURE.

4. ON (B), THE DOUBTS RAISED BY MR WILBERFORCE ON WHETHER THE SECRETARY GENERAL SHOULD PROCEED AT ALL IN THE ELECTION PHASE, THE ARGUMENTS ARE MORE COMPLEX. WE, LIKE EVERYONE ELSE, HAD EXPECTED THE ELECTIONS TO CAUSE DELAY. WE WERE ENCOURAGED BY THE SECRETARY GENERAL'S VIEW THAT THEY NEED NOT DO SO (UKMIS TUR), ALTHOUGH ACCEPT THAT KYPRIANOU MIGHT HAVE TAKEN THE LINE WHICH HE DID TO SHIFT THE BLAME FOR ANY DELAY ONTO DENKTASH. EVEN SO WE SEE THE DANGER LESS IN PREMATURE ACTION DERAILING HIS INITIATIVE (NICOSIA TUR PARA 2) THAN IN FURTHER INACTION UNTIL DECEMBER, OR EVEN APRIL.

5. WE THEREFORE BELIEVE THAT EVERY EFFORT SHOULD BE MADE TO SUSTAIN THE MOMEMTUM BEHIND HIS INITIATVE WHICH, BY COMMON CONSENT, HAS BROUGHT BOTH SIDES NEARER TOGETHER THAN EVER BEFORE. BUT IN THE PRESENT SITUATION WE ARE HANDICAPPED BY NOT KNOWING PRECISELY WHAT IDEAS THE SECRETARY GENERAL INCLUDES IN HIS THIRD SET OF DOCUMENTATION. WHATEVER HIS PLANS, A SUMMIT WILL CLEARLY /BE

BE NECESSARY TO ENDORSE THEM. IT IS UNREALISTIC TO EXPECT THIS UNTIL AFTER THE ELECTION. BUT THERE IS PLENTY OF PREPARATORY WORK TO BE GETTING ON WITH. WE SEE NO REASON WHY THEY SHOULD NOT PROCEED, THEREBY KEEPING THE INITIATIVE ALIVE.

6. BUT AGAIN, THE SECRETARY GENERAL IS BEST PLACE TO JUDGE. THE PRIME MINISTER WILL WANT TO SOUND HIM OUT ON HIS NEW TEXT WHEN SHE SEES HIM. SHE WILL ALSO WANT TO ENCOURAGE HIM TO GET KYPRIANOU AND OZAL TO PUT THEIR CARDS ON THE TABLE. (HE IS DUE TO SEE THEM AFTER THE PRIME MINISTER) IF HE THEREAFTER STILL BELIEVES THAT PROGRESS CAN BE ACHIEVED DESPITE THE ELECTION, WE SHOULD CLEARLY CONTINUE TO SUPPORT HIM: AND OUR ADVICE IS THAT THE PRIME MINISTER SHOULD TELL HIM SO.

HOWE

DIST: MISSION
CONFIDENTIAL

OCMIAN 8322

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CONFIDENTIAL

FM UKMIS NEW YORK TOR: 1934/17 OCT '85

TO IMMEDIATE FCO

TELNO 896

OF 172300Z OCTOBER 85

INFO PRIORITY NICOSIA, NASSAU (FOR SECRETARY OF STATE'S PARTY)

INFO ROUTINE ATHENS, ANKARA, WASHINGTON, UKREP BRUSSELS, UKDEL NATO

INFO ROUTINE CBFC, MODUK SEC (O) (C)

MY TELNO 894: CYPRUS

1. I DISCUSSED THE SITUATION WITH THE SECRETARY GENERAL ON 16 AND 17 OCTOBER. KYPRIANOU HAD ASKED FOR, BUT NOT PRESSED FOR, DELAY ON ELECTORAL GROUNDS. IT WAS IRONIC THAT DENKTASH WAS EXPRESSING ''UNDERSTANDING'' FOR THE GREEK CYPRIOT NEED TO HOLD ELECTIONS BEFORE CONSIDERING ANY NEW MOVES. OF COURSE THIS WAS ONLY AN EXCUSE TO AVOID HAVING TO COME TO A DECISION HIMSELF. THE SECRETARY GENERAL WAS RESISTING ALL SUCH EXCUSES AND IN FACT HAD NOT ENCOUNTERED MUCH OPPOSITION FROM KYPRIANOU. THIS WAS A PLEASANT SURPRISE ESPECIALLY SINCE A DELAY ON ACCOUNT OF ELECTIONS WOULD MEAN UNTIL AT LEAST APRIL 1986 SINCE PRESIDENTIAL ELECTIONS WOULD FOLLOW PARLIAMENTARY ONES.

2. PEREZ DE CUELLAR HAS ARRANGED TO SEE KYPRIANOU ON 25 OCTOBER. THIS WILL AGAIN BE A GENERAL DISCUSSION. HE AIMS TO GIVE HIS NEW PLAN, THICH HE CONFIRMED WOULD BE A SINGLE PAPER, TO KYPRIANOU AND DENKTASH SIMULTANEOUSLY IN CYPRUS ABOUT THE END OF THE MONTH. IT WOULD BE TRANSMITTED THROUGH HOLGER OR SOMEONE EQUIVALENT BUT NOT BY THE SECRETARY GENERAL OR URQUHART. HE WOULD OFFER BOTH SIDES WORKING LEVEL DISCUSSIONS.

3. THE SECRETARY GENERAL TOLD ME THAT HE PLANNED TO APPOINT A NEW SPECIAL REPRESENTATIVE. HE HAD SELECTED A ''QUIET LATIN AMERICAN'' IN WHOM HE HAD CONFIDENCE. THE MAN COULD NOT BE EXPECTED TO TAKE UP HIS DUTIES UNTIL ABOUT THE TURN OF THE YEAR THOUGH THE ANNOUNCEMENT WOULD BE MADE SOONER.

4. PEREZ DE CUELLAR ASKED MY ADVICE ABOUT WHETHER HE SHOULD GIVE HIS NEW PLAN TO THE SECURITY COUNCIL AND IF SO WHEN. SPEAKING IN A PRELIMINARY PERSONAL WAY I FAVOURED TRANSMITTING HIS PLAN TO THE COUNCIL IMMEDIATELY AFTER IT HAD BEEN GIVEN TO THE TWO PARTIES ON THE SUPPOSITION THAT THIS WOULD BE ABOUT THE BEGINNING OF NOVEMBER

/5.

5. THE CRUX OF THE PROBLEM IS TIMING. HAVE WE MORE OR LESS COME TO THE CRUNCH POINT OF PEREZ DE CUELLAR'S INITIATIVE OR NOT? HE RE-AFFIRMED HIS INTENTION NOT TO SEEK A SECOND TERM. I DO NOT TAKE THIS AS NECESSARILY THE LAST WORD, BUT I DO BELIEVE IT IS HIS PRESENT INTENTION. IF THIS IS SO HE WILL BECOME A LAME DUCK IN A YEAR AT THE MOST. A DELAY UNTIL APRIL OR BEYOND MIGHT WELL LEAVE HIM WITH INSUFFICIENT POWER AND CREDIBILITY TO OPERATE EFFECTIVELY WITH TWO MEN EACH OF WHOM WISHES TO AVOID AN AGREEMENT. AS PEREZ DE CUELLAR SAID, IT IS UNLIKELY THAT HIS SUCCESSOR WILL BE AS INTERESTED IN CYPRUS OR AS WELL EQUIPPED ON THE SUBJECT AS HIMSELF. WE CONCLUDED THAT EVERY EFFORT SHOULD BE USED TO BRING THE TWO PARTIES TO AGREE ON HIS PLAN (WHICH AFTER ALL WOULD ONLY BE THE BEGINNING OF A FRESH NEGOTIATION UNDER AGREED PARAMETERS) IN THE NEXT FEW WEEKS AND MONTHS. IF IT CAN BE ARRANGED UNANIMOUS SECURITY COUNCIL PRESSURE WOULD BE HELPFUL. THE CHANCES OF ARRANGING THIS WILL BE GREATLY ENHANCED WITH THE RIGHT SORT OF PRESIDENT. THE BEST PROSPECTS IN THE NEXT YEAR ARE AUSTRALIA IN NOVEMBER AND DENMARK IN MARCH. THE LATTER WOULD BE TOO LATE IF THE PAPER IS PUT TO THE TWO PARTIES IN THE NEXT FEW WEEKS AND TOO EARLY IF IT WERE DELAYED UNTIL APRIL OR LATER. ACCORDINGLY THERE IS MUCH TO BE SAID FOR TAKING ADVANTAGE OF THE AUSTRALIAN PRESIDENCY. THEY ARE KEEN TO TAKE AN INITIATIVE OF SOME SORT AND WOULD I THINK BE WILLING TO LISTEN TO ADVICE. THEY MIGHT BE OVER ENTHUSIASTIC AND LAND US IN A DETAILED DISCUSSION OF THE SECRETARY-GENERAL'S PAPER WHICH WOULD BE DANGEROUS. BUT IF THE MATTER WAS PROPERLY PRESENTED TO THEM I BELIEVE THEY MIGHT BE READY TO STEER THE COUNCIL TO A GENERAL ENDORSEMENT OF THE SECRETARY-GENERAL'S EFFORTS AS REPRESENTED BY HIS NEW PLAN. THIS WOULD BE BUILDING ON THE PRESIDENTIAL STATEMENT ISSUED IN SEPTEMBER. SUCH AN OUTCOME WOULD ADD POWER TO THE SECRETARY-GENERAL'S ELBOW AND WOULD ASSIST THOSE WHO WERE URGING THE TWO SIDES TO COME TO AN AGREEMENT. IT WOULD SHOW THE TURKS THAT THE WORLD IS NOT AGAINST THEM AND THE GREEK CYPRIOTS THAT THEY WOULD NOT EXPECT SYMPATHY FROM THE NON-ALIGNED IF THEY UNDULY PROCRASTINATED OR BROKE OFF THE TALKS.

6. IN SHORT THE BEST COURSE OF ACTION AS SEEN FROM HERE LOOKS TO BE:

(A) PRESENTATION OF THE PLAN TO THE TWO SIDES IN CYPRUS AT THE BEGINNING OF NOVEMBER.

(B) IMMEDIATELY FOLLOWED BY THE COMMUNICATION OF THE PLAN TO THE SECURITY COUNCIL AND A PRESIDENTIAL STATEMENT OF GENERAL SUPPORT.

(C) WORKING LEVEL TALKS BETWEEN THE TWO SIDES SEPARATELY AND THE SECRETARIAT STRENGTHENED SOON BY A SPECIAL REPRESENTATIVE.

IF YOU AGREE IT WOULD BE HELPFUL IF THE PRIME MINISTER WOULD SPEAK ON THESE LINES TO THE SECRETARY-GENERAL ON 23 OCTOBER WHEN SHE IS HERE.

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THOMSON

E.R.

PRIME MINISTER

BREAKFAST MEETING WITH THE PRESS

TOMORROW (WEDNESDAY) MORNING YOU ARE TO MEET LEADING US EDITORS AND TV JOURNALISTS FOR AN HOUR (8.30 TO 9.30) ON THE 29TH FLOOR HERE IN THE UN PLAZA HOTEL.

ON THE ADVICE OF THE POST WE SHALL PROVIDE THEM WITH COFFEE, FRUIT AND ROLLS (SINCE THEY WILL EXPECT FEEDING AT THAT TIME OF DAY). BUT YOU DO NOT NEED TO EAT. INDEED IT WILL MAKE FOR A MUCH BETTER AFFAIR IF YOU ONLY HAVE A CUP OF COFFEE.

THE PURPOSE OF THE MEETING IS TO GIVE THE JOURNALISTS A STEER, ON A BACKGROUND (UNATTRIBUTABLE) BASIS ON BRITISH THINKING.

I ATTACH A LIST OF THOSE INVITED. IT IS A HIGH PRESSURE GROUP. THE GROUP, LED BY ABE ROSENTHAL, NEW YORK TIMES, WILL BE PRIMARILY INTERESTED IN THE REAGAN/GORBACHEV TALKS AND YOUR APPROACH TO THEM - OR THE ADVICE YOU WILL TENDER ON THE US APPROACH. (I HAVE ALREADY EMPHASISED IN BRIEFING OUR VIEW THAT THE AMERICANS SHOULD RE-TABLE OR RE-PRESENT THEIR PROPOSALS BEFORE THE TALKS).

MICHAEL PAKENHAM WILL ASK THE IRISH QUESTIONS. YOU WILL OF COURSE BE INHIBITED ON THIS SUBJECT, BUT IT WILL BE USEFUL TO DAMP DOWN EXPECTATIONS.

ROBERT BARTLEY, WALL STREET JOURNAL, IS IN NEED OF SOME STRAIGHT TALKING ABOUT THE STATE OF THE BRITISH ECONOMY ON WHICH, APART FROM UNEMPLOYMENT, YOU SHOULD BE BULLISH.

MAYNARD PARKER IS LIKELY TO FOCUS ON SE ASIA. THE ONLY OTHER POINT OF GUIDANCE IS THAT TOM BROKAW (NBC) WITH THE SUPPORT OF OUR WASHINGTON EMBASSY, HAS BEEN PRESSING FOR AN INTERVIEW ON THIS TRIP, BUT HAS FALLEN VICTIM TO A CROWDED PROGRAMME.

/ I EXPECT

I EXPECT OLIVER WRIGHT WILL ATTEND. I WILL PRESIDE, INTRODUCE YOU AND CLOSE THE OCCASION AT 9.30. I SUGGEST BY WAY OF OPENING YOU WELCOME THEM AND SAY THE PURPOSE OF THE MEETING IS TO GIVE THEM AN OPPORTUNITY, FOR BACKGROUND PURPOSES, TO ASK QUESTIONS WHICH ARE ON THEIR MINDS.

BERNARD INGHAM

22 OCTOBER 1985

NEW YORK: VISIT OF PRIME MINISTER: 22-23 OCTOBER 1985

BREAKFAST WITH US MEDIA

23 OCTOBER 1985

The Prime Minister will host breakfast for US media representatives in the Perez de Cuellar Suite, UN Plaza Hotel, at 0830 on Wednesday 23 October.

Brief notes on each of those attending are as follows:

ROBERT L BARTLEY - Editor, Wall Street Journal

With a weekday circulation in excess of 2 million, the Wall Street Journal sells more copies than any other newspaper in the country. Robert Bartley has been editor since 1979, though he assumed direction of the Editorial Page at the beginning of 1972. Mr Bartley won a Pulitzer Prize for editorial writing in 1980, and in 1979 received an award for his editorials on international monetary problems. Bartley describes the paper's editorial position as "neoconservative".

ABE ROSENTHAL - Executive Editor, New York Times

The New York Times, with a daily circulation in excess of 900,000 (1.5 million on Sunday) is the "paper of record" and has a quite disproportionate influence on national and international affairs. Rosenthal, reputed to have the most powerful job in American journalism was born in Canada of Russian Jewish immigrants and became a naturalised American in 1951. On joining the New York Times he wrote from the UN, India, Poland (where he won a Pulitzer), Geneva and Tokyo before being called back to the New York hierarchy. Although he sprang from radical roots, he is now conservative politically with an intense hatred for Communism and the Soviet Union.

MICHAEL PAKENHAM - Editorial Page Editor, New York Daily News

The New York Daily News has a circulation second only to the Wall Street Journal (1.4 million on weekdays, and 1.8 million on Sundays). Michael Pakenham is among the best informed United States journalists on Northern Ireland, and his arrival as Editorial Page Editor in the summer of 1984 (from a similar position on the Philadelphia Inquirer) has transformed the attitudes of a newspaper which traditionally pandered to the worst instincts of Irish-America. Thoughtful editorials now appear on the issue, and Pakenham has been the butt of much verbal and written abuse from the Irish republican lobby.

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MAYNARD PARKER - Editor, Newsweek

Maynard Parker has been editor of Newsweek since November 1982 and is responsible to the Editor-in-Chief fcr the magazine's production and administration. He joined Newsweek in 1967 as a correspondent in its Hong Kong bureau and, in 1969 became chief of the Saigon bureau where he directed Newsweek's coverage of the Vietnam war for 18 months. He returned to the US in 1973 as Managing Editor of Newsweek International. The magazine's circulation tops 3 million, with a further 600,000 in three international editions.

RONALD KRISS - Executive Director, Time

Ronald Kriss has been Executive Director of Time Magazine since 1983. Among his particular achievements since that date have been his editing of the memoirs of Henry Kissenger, Alexander Haig, and President Jimmy Carter for publication in the magazine. He joined Time in 1961 and since then he has worked his way steadily through the ranks of the magazine, except for a two-year spell between 1971 and 1973 when he left to work for the Saturday Review. Time has a circulation of 4.5 million weekly, plus 1.3 million in five overseas editions.

ROBERT (ROBIN) MACNEIL - Public Broadcasting Service

"Robin" MacNeil is executive editor and co-anchor of the Public Broadcasting Service's "MacNeil-Lehrer Newsletter", the first hour-long network news programme on American television. A Canadian whose career began with Reuters in London, Mr MacNeil was later a White House correspondent for NBC and in the late sixties on the BBC "Panorama" team.

DAN RATHER - CBS Television

Dan Rather is managing editor and anchor for the top-rated CBS network evening news (seen in 11 million households). For twenty years on foreign assignment for CBS, later Bureau Chief in London, CBS White House correspondent and co-editor of "60 Minutes", Mr Rather succeeded the Dean of US broadcasting, Walter Cronkite, in 1981. He is the senior CBS commentator covering political events.

TOM BROKAW - NBC Television

Tom Brokaw is anchorman for NBC's "Nightly News" since 1982 and prior to that principal correspondent on the breakfast NBC News "Today Show". He has built a reputation as a solid political reporter and all the networks bid heatedly for his services when his contract with NBC expired in 1981.

British Information Services
October 1985

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Mr Wicks

UNCLASSIFIED
FM WASHINGTON
TO IMMEDIATE CONSULATE-GENERAL NEW YORK
TELNO 13
OF 222230Z OCTOBER 85
AND TO IMMEDIATE FCO

1. SECRETARY BAKER TODAY GAVE EVIDENCE BEFORE THE HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS, EXPLAINING THE PROPOSALS PUT FORWARD AT THE JOINT IMF/WORLD BANK MEETING IN SEOUL. (COPY OF THE FULL TEXT OF BAKER'S TESTIMONY TODAY FOLLOWS BY BAG)

2. NOTHING NEW EMERGED.

MR. BAKER EMPHASISED THAT HE HAD NOT COME TO THE HOUSE TO ASK FOR MORE MONEY FOR THE WORLD BANK GROUP OR THE IMF. HE WOULD ONLY MAKE SUCH A REQUEST IF THREE CONDITIONS WERE FULFILLED, NAMELY:

I) THAT THE DEBTOR COUNTRIES ADOPTED POLICIES TO PROMOTE GROWTH, BALANCE OF PAYMENTS ADJUSTMENT AND LOWER INFLATION SEMI-COLON

II) THAT THE IMF PLAYED A MAJOR ROLE IN ANY NEW PROPOSALS AND

III) THAT COMMERCIAL BANKS INCREASED THEIR LENDING BY DOLLARS 20 BILLION TO THE PRINCIPAL DEBTORS OVER THE NEXT 3 YEARS.

3. ON THE ISSUE OF EXTRA COMMERCIAL BANK LENDING, HE STRESSED THAT THERE WOULD BE NO ARM-TWISTING, THAT BANK LENDING WOULD NOT BE GUARANTEED BY THE US GOVERNMENT AND THAT IBRD GUARANTEES WOULD ONLY BE AVAILABLE QUOTE SPORADICALLY UNQUOTE. THERE WAS ALSO NO QUESTION OF CHANGES IN REGULATORY REQUIREMENTS WITHOUT FIRST CONSULTING THE APPROPRIATE REGULATORS AND HOUSE AND SENATE COMMITTEES. (IN REMARKS TO THE ABA IN NEW ORLEANS OVER THE WEEK-END VOLCKER IS REPORTED TO HAVE REJECTED APPEALS FOR EASING REGULATORY REQUIREMENTS FOR LENDING TO LDCS).
BAKER SAID THAT THE BANKS WOULD BE WILLING TO LEND MORE AS THEY FELT IT WOULD BE IN THEIR SELF-INTEREST TO DO SO. (IN PASSING HE SAID THAT OF THE DOLLARS 20 BILLION HE ONLY EXPECTED DOLLARS 7 BILLION TO COME FROM US BANKS). THERE WERE ADMINISTRATIVE PROBLEMS IN NEGOTIATING WITH THE LARGE NUMBER OF PRIVATE BANKS THAT WERE INVOLVED. VOLCKER IS ALSO SAID TO BE CONCERNED ABOUT QUOTE MECHANICS AND MODALITIES UNQUOTE.
ONE SOLUTION, WHICH BAKER FAVOURED,
WAS FOR THE BANKS TO SET UP A VOLUNTARY BODY WHICH WOULD CO-ORDINATE THEIR LENDING.
4. BAKER REPORTED THAT THERE HAD BEEN SOME DISCUSSION WITH MAJOR PRIVATE BANKS PRIOR TO THE SEOUL MEETING AND THAT THEY HAD AGREED IN PRINCIPLE TO THE NEW PROPOSALS. A SIMILAR POSITIVE RESPONSE HAD BEEN RECEIVED BY VOLCKER IN HIS MEETING WITH BANKERS IN NEW ORLEANS. HOWEVER IT WAS APPARENT THAT SOME SMALLER BANKS WOULD RATHER NOT EXTEND THEIR LENDING TO THE DEBTOR COUNTRIES WHILE THE LARGER BANKS WERE MORE IN FAVOUR OF THE NEW PROPOSALS. (A COPY OF VOLCKER'S REMARKS WILL BE SENT AS SOON AS IT IS AVAILABLE).
5. SOME DOMESTIC POLITICAL SENSITIVITIES ARE INVOLVED. FOR EXAMPLE, CONGRESSMEN REPRESENTING FARMING AREAS WERE WORRIED ABOUT THE POLITICAL CONSEQUENCES OF US BANKS HELPING LDC COUNTRIES (AND THEIR FARMERS) WHILE REFUSING SUCH HELP TO US FARMERS.
6. BAKER WAS ASKED WHY MORE WAS NOT BEING DONE TO HELP THE POOREST COUNTRIES. HE ARGUED THAT THE US WANTED TO DO MORE BUT THEY HAD FAILED TO GET AGREEMENT WITH THEIR G5 COLLEAGUES IN SEOUL. HOWEVER, THE US WOULD CONTINUE TO EXPLORE THE POSSIBILITIES.

7. WHEN ASKED ABOUT THE NEXT STEPS, BAKER SAID THAT HE WAS WORKING WITH US BANKS AND THAT QUOTE IT IS ESSENTIAL THAT BANKS FROM OTHER COUNTRIES - WHO HAVE AN EQUALLY STRONG INTEREST IN THESE NATIONS - ALSO PARTICIPATE IN THIS EXERCIUE, AND THAT THEIR GOVERNMENTS ENCOURAGE SIMILAR EFFORTS ON THEIR PART, UNQUOTE. HE SEEMED TO ENVISAGE A COUNTRY-BY-COUNTRY APPROACH WHEREBY THE BANKS WOULD JOINTLY LEND NEW MONEY IN CONJUNCTION WITH JOINT IMF/IBRD PROGRAMMES.

8. FCO PLEASE ADVANCE TO LITTLER (TREASURY), TAIT (ERD), FITCHEW (TREASURY), LOEHNIS (BANK) AND TICKELL (ODA).

WRIGHT

YYYY

ORWBAN 3123

NNNN

MR. WICKS

Prime Minister
Not for the President — useful for the discussion with the bankers
N.L.W. 22.4

MINUTE FROM THE TREASURY:

PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN

The Chancellor saw over the weekend Washington telegram number 6 to Nassau about points for the meeting. The Chancellor endorses the thought in paragraphs 4-5 that it would be useful to express appreciation of the role which Secretary Baker has played in recent international meetings.

On debt (paragraph 5) Secretary Baker spoke at Seoul of three mutually reinforcing elements. He placed great emphasis on the adoption by major debtors of comprehensive macro-economic and structural policies to promote growth and balance of payments adjustment and to reduce inflation. His second theme was a continued central role for the IMF combined with increased and more effective structural adjustment lending by the multilateral development banks, in support of market-oriented policies for growth. The third element was increased lending by private banks.

Baker closely linked the third element, action by the commercial banks, to agreement of adjustment programmes and underlined the basic point that sound policies would themselves stimulate commercial lending. In the area of flows, he also spoke of the importance of foreign equity investment and repatriation of foreign capital.

The Chancellor would commend much of this and it is in line with views we ourselves have emphasised for some time. A point on which the Chancellor feels, however, we need to be cautious is Baker's statement that he would "like to see the banking community make a pledge" to provide net new lending of a specified amount. G5 countries have in the past taken the view that judgements about such lending are for the banks themselves to make. If the authorities call in terms for a pledge this could be in conflict with their regulatory responsibilities;

/ and

and more generally, in the event of a deterioration in repayment prospects - relating not only to new money but earlier bank lending - could involve a worrying degree of moral hazard.

The Chancellor judges that the bank lending element needs to be handled with rather greater discretion than Baker has shown on this so far. He hopes that for this reason the Prime Minister would not give Baker's approach unqualified endorsement.

Duty Clerk
No. 10

22 October 1985

Private Secretary

cc Ambassador

H of C 22/10

PRIME MINISTER'S BILATERAL WITH THE SECRETARY GENERAL: AFGHANISTAN

1. Mr Powell has told you that he would like telegrams but does not need a supplementary brief.

2. I therefore attach the following:

- Sir John Thomson's telno 907 recommending that we express concern to the Secretary General that Pakistan should not be pressed to make further unrequited concessions (but recommending against a formal complaint about the Secretary General's report)

- FCO telno 514 endorsing these recommendations

- Secretary General's report of 7 October: the key points are in the final paragraph (and in paragraph 12) which carry the implication that Pakistan's refusal to engage in direct talks is the primary reason for the 'impasse on the procedure' which has stalled the diplomatic process. Paragraph 15 states that 'in connection with this procedural issue, as in connection with the substantive issue under discussion, there is, therefore a question of political will'; although it also notes that there are reasons of 'fundamental political import' underlying the positions of both sides on the procedure

- FCO telno 504 and Washington telno 290 concerning the possibility of a formal complaint about the report by the United States to the Secretary General (the US Mission told me this morning that they had not yet received instructions to make such a complaint, and still hoped that it would be downgraded to an informal expression of concern similar to our own).

3. The line we might take with the Secretary General could simply be as follows:

"We are following the UN negotiations with close attention and sincerely hope that you and Mr Cordovez will succeed. Pakistan has shown great flexibility, which has helped the talks to reach their present point. It is time for the Russians to respond by demonstrating that they are genuinely

/prepared ...

prepared to withdraw. Until they commit themselves to do so, it would not seem right for Pakistan to continue to make concessions or to agree to direct talks. As your report recognises, this is not merely a procedural difficulty but a point of 'fundamental political import'".

Roderic Lyne

R M J Lyne

22 October 1985

(162)

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TO PRIORITY FCO

TELNO 907

OF 190030Z OCTOBER 85

INFO PRIORITY KABUL, ISLAMABAD, WASHINGTON

INFO ROUTINE MOSCOW

TOD: 2106/18 OCT '85

(158)

YOUR TELNO 504: UN/AFGHANISTAN

SUMMARY

1. A FORMAL COMPLAINT ABOUT THE SECRETARY GENERAL'S REPORT WOULD BE COUNTERPRODUCTIVE, BUT WE SHOULD KEEP A CLOSE EYE ON THE FURTHER COURSE OF THE NEGOTIATIONS.

DETAIL

2. WE HAVE COMPARED NOTES INFORMALLY WITH PAKISTANI AND US REPRESENTATIVES. RAPHEL WAS SLIGHTLY OVERSTATING THE CASE IN HER REMARKS ABOUT THE SECRETARY GENERAL'S REPORT. IT IS TRUE THAT BY REGRETTING THAT THE PROCEDURAL IMPASSE SHOULD STALL THE DIPLOMATIC PROCESS WHEN BOTH SIDES HAD INDICATED THAT AGREEMENT ON THE SUBSTANCE SHOULD NOT PRESENT INSURMOUNTABLE DIFFICULTIES, THE REPORT APPEARS TO IMPLY THAT THE FAULT LIES WITH THE PAKISTANIS. IT IS ALSO TRUE THAT IN PRIVATE BRIEFING ON THE REPORT, CORDOVEZ HAS POINTED THE FINGER AT THE PAKISTANIS MORE EXPLICITLY THAN THE CODED LANGUAGE OF THE REPORT. BUT THE REPORT DOES NOTE EXPLICITLY THAT THE REASONS UNDERLYING THE POSITION OF BOTH SIDES ON PROCEDURE ''HAVE FUNDAMENTAL POLITICAL IMPORT FOR EACH OF THEM''. IT ALSO MAKES CLEAR (PARAGRAPH 9) THAT THE INSTRUMENTS ON NON-INTERVENTION, GUARANTEES AND REFUGEES MUST BE RELATED THROUGH AN ADDITIONAL INSTRUMENT TO THE SOLUTION OF THE QUESTION OF WITHDRAWAL OF FOREIGN TROOPS THROUGH AN AGREEMENT BETWEEN AFGHANISTAN AND THE USSR.

3. THE PAKISTAN MISSION REGARD THE REPORT AS A CURATE'S EGG. THEY DO NOT LIKE THE FOCUS ON DIRECT NEGOTIATIONS AND CERTAIN OTHER POINTS, BUT ARE PLEASED THAT THE REPORT STATES (PARAGRAPH 2) THAT NATIONAL RECONCILIATION CANNOT BE ATTAINED BY MILITARY MEANS AND MAKES CLEAR THAT IT IS ONLY ON THE INTER-RELATIONSHIP INSTRUMENT THAT PROGRESS HAS NOT BEEN MADE. FOR THIS REASON, AND BECAUSE ANY PROTEST WOULD REACH THE EARS OF THE RUSSIANS AND MIGHT SUBSEQUENTLY BE USED TO INFLUENCE VOTING ON THE RESOLUTION, YAQUB KNAN (WHO IS IN NEW YORK) HAS COME DOWN AGAINST MAKING A COMPLAINT TO THE SECRETARY GENERAL.

4. I THINK HE IS RIGHT: THERE DOES NOT SEEM TO ME TO BE A SUFFICIENTLY CLEAR-CUT DISTORTION IN THE REPORT TO JUSTIFY A FORMAL COMPLAINT. IT WOULD IN ANY CASE BE A MISTAKE FOR WESTERN GOVERNMENTS TO MAKE A DEMARCHE IF THE PAKISTANIS HAVE NOT DONE SO. THE US MISSION ALSO NOW SEEM TO HAVE REACHED THIS VIEW: AND THE STATE DEPARTMENT HAVE ASKED AMBASSADOR WALTERS TO MEET YAQUB KNAN TO COORDINATE FURTHER ACTION (IT IS NOT CLEAR HOW THIS SQUARES WITH WASHINGTON TEL NO 2900, JUST RECEIVED: IT IS FANCIFUL TO CONCEIVE OF THE SECRETARY GENERAL ISSUING A CORRECTIVE STATEMENT).

/5. ...

5. WITHOUT MAKING A FORMAL DEMARCHE, HOWEVER, I THINK THAT WE SHOULD LOOK FOR WAYS OF EXPRESSING TO CORDOVEZ AND THE SECRETARY GENERAL OUR CONCERN THAT PAKISTAN SHOULD NOT BE PRESSED TO MAKE FURTHER UNREQUITED CONCESSIONS. BOTH THE PAKISTANI AND AMERICAN MISSIONS AGREED THAT INFORMAL EXPRESSIONS OF CONCERN WOULD BE APPROPRIATE. RATHER THAN RELATE THEM SPECIFICALLY TO THE REPORT, I THINK THAT WE AND OUR PARTNERS SHOULD CONSIDER THE REPORT IN THE WIDER CONTEXT OF THE NEGOTIATING PROCESS.

RECOMMENDATIONS

6. IN TERMS OF LOCAL ACTION, I THINK THE FOLLOWING STEPS WOULD BE APPROPRIATE:

(A) IF TIME PERMITS DURING THE PRIME MINISTER'S BILATERAL WITH THE SECRETARY GENERAL NEXT WEEK, SHE MIGHT BE BRIEFED TO EXPRESS CONCERN IN ONE OR TWO SENTENCES THAT THE FOCUS SHOULD REMAIN ON THE NEED FOR SOVIET WITHDRAWAL

(B) FAILING THAT, I SHOULD TRY TO HAVE AN INFORMAL WORD AFTER THE COMMEMORATIVE PERIOD

(C) WE SHOULD ASK THE LUXEMBOURG PRESIDENCY TO INVITE CORDOVEZ TO BRIEF PERMANENT REPRESENTATIVES OF THE TEN COLLECTIVELY BEFORE THE AFGHANISTAN DEBATE BEGINS ON 11 NOVEMBER. AT THE BRIEFING IT WOULD BE ENTIRELY NATURAL FOR US, THE GERMANS AND OTHERS TO RAISE QUERIES ABOUT THE NATURE OF THE PROCEDURAL IMPASSE AND THE PROSPECTS FOR SOVIET WITHDRAWAL, IN SUCH A WAY AS TO CONVEY A CLEAR MESSAGE TO CORDOVEZ THAT WE MAY INCREASINGLY BE REACHING THE POINT WHERE HIS NEGOTIATIONS ARE HELPING TO CONCEAL SOVIET INTRANSIGENCE AND LEND CREDIBILITY TO THE KARMAL REGIME WITHOUT THE OVERTONES OF A FORMAL DEMARCHE.

AFGHAN RESISTANCE DELEGATION

7. THE DELEGATION HAS STILL NOT REACHED NEW YORK. NEITHER WE NOR THE AMERICANS HAVE ANY FURTHER INDICATION THAT THEY WILL ''ASK FOR THE AFGHAN SEAT''. WE ARE CONFIDENT THAT THE PAKISTANIS WILL NOT BE A PARTY TO ANY SUCH MANOEUVRE, WHICH AS YOU SAY, WOULD CERTAINLY BE COUNTERPRODUCTIVE. AS PREVIOUSLY REPORTED, THE PAKISTANIS INTEND TO KEEP A TIGHT GRIP OF THE RESISTANCE REPRESENTATIVES, AND TO PURSUE A CAUTIOUS STRATEGY.

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TOR: 0725/22 OCT '85

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TO DESKBY 221300Z UKMIS NEW YORK

TELNO 514

OF 220930Z OCTOBER 85

INFO PRIORITY KABUL, ISLAMABAD, WASHINGTON

INFO ROUTINE MOSCOW

YOUR TELNO 907: UN/AFGHANISTAN

1. WE AGREE WITH RECOMMENDATIONS FOR ACTION IN YOUR PARA 6.

2. THE BRIEF FOR PRIME MINISTER'S CALL ON SECRETARY GENERAL COVERS AFGHANISTAN AND HIGHLIGHTS SOVIET TROOP WITHDRAWAL AS KEY OUTSTANDING ISSUE BUT DOES NOT PROVIDE BACKGROUND ON THE SECRETARY GENERAL'S REPORT. YOU WILL THEREFORE WISH TO DRAW HER ATTENTION TO THIS. WE AGREE THAT IF THERE IS TIME DURING THE BILATERAL TO RAISE AFGHANISTAN IT WOULD BE HELPFUL IF THE PRIME MINISTER COULD EMPHASISE THE NEED FOR THE SECRETARY GENERAL TO MAINTAIN THE FOCUS ON SOVIET FORCE WITHDRAWALS. FAILING THAT, WE SHOULD BE GLAD IF YOU COULD MAKE THIS POINT YOURSELF TO THE SECRETARY GENERAL.

3. WE ALSO AGREE THAT IT WOULD BE USEFUL IF CORDOVEZ COULD BRIEF THE TEN BEFORE THE AFGHANISTAN DEBATE. CAN YOU PURSUE WITH THE PRESIDENCY?

4. IF THE OPPORTUNITY ARISES PRIVATELY IN DISCUSSION WITH SECRETARIAT STAFF TO EXPRESS SURPRISE OVER THE EMPHASIS ON THE PROCEDURAL QUESTION IN THE CONCLUDING PARAGRAPH OF THE SECRETARY GENERAL'S REPORT, YOU HAVE DISCRETION TO DO SO.

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General Assembly Security Council

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S/17527
7 October 1985

ORIGINAL: ENGLISH

GENERAL ASSEMBLY
Fortieth session
Agenda item 28
THE SITUATION IN AFGHANISTAN AND ITS IMPLICATIONS FOR INTERNATIONAL PEACE AND SECURITY

SECURITY COUNCIL
Fortieth year

Report of the Secretary-General

1. The present report is submitted in pursuance of General Assembly resolution 39/13 of 15 November 1984, in which the Assembly reaffirmed the principles involved and the action required with regard to the situation relating to Afghanistan.

2. I have pursued with determination my efforts to promote the search for a political solution because I have been assured repeatedly that they are strongly supported by the international community. There is also a growing conviction on both sides that a negotiated settlement is the only possible way to achieve peace in Afghanistan. Peace, and the degree of national reconciliation that it should entail to allow the Afghan people to decide their own future, cannot be attained by military means.

3. When the Foreign Ministers of Afghanistan and Pakistan agreed in 1982 to move through the intermediary of Mr. Diego Cordovez, my Personal Representative, into substantive negotiations aimed at achieving a comprehensive settlement, they reached a number of understandings that have acquired special significance and have been the subject during the past year of different interpretations that threaten to disrupt the diplomatic process.

4. The Assembly will recall that these understandings allowed negotiations to start on a document that contained draft texts of all the provisions that the interlocutors had agreed were needed to resolve the issues involved and to establish solid foundations for good-neighbourly relations between Afghanistan and Pakistan. The form of the settlement was to be considered and decided upon at a more advanced stage of the negotiations. On that basis, substantial progress was made when the interlocutors held a round of talks in April 1983, to such an extent

that most of the provisions that they considered necessary for the achievement of an effective settlement were agreed upon. Unfortunately the interlocutors subsequently encountered serious obstacles in trying to reach agreement on some of the key provisions under consideration. The efforts made in the last two years to overcome these difficulties were reviewed in my previous reports to the Assembly (see A/38/449-S/16005 and A/39/513-S/16754).

5. During a visit to the area in April 1984 my Personal Representative suggested to the interlocutors, as a means of breaking the serious deadlock that had developed, that they should seek to reach agreement on the formal character of the instruments that would contain the actual settlement, their structure, legal status and the formalities required for their implementation. Given the strong distrust that obtained, this was expected to enable the interlocutors more effectively to test the sincerity of each other's stated intentions and thus foster the atmosphere of mutual confidence that would be essential for the implementation of the measures envisaged in the settlement. It was also decided to change the format of the negotiations, which were thereafter conducted through "proximity" talks.

6. During the round of negotiations held in August 1984 the question of the form of the settlement was accordingly carefully considered by the interlocutors, who agreed that the provisions concerning non-interference and non-intervention would be included in a bilateral agreement. It was not possible to agree on the form of other aspects of the settlement. The interlocutors none the less decided to continue efforts in that direction at a round of talks that was scheduled to be held in February 1985.

7. At the beginning of this year the Government of Pakistan requested a postponement of the round of talks on account of the fact that elections had in the mean time been scheduled in that country. A number of difficulties raised by both sides at that time led me to conclude that another round of talks would not be useful - and even, perhaps, counter-productive - if held in the absence of a comprehensive understanding on the form of the settlement. I consequently requested my Personal Representative to visit the area once again to work out such an understanding as a priority matter and at the highest level.

8. Mr. Cordovez travelled to the area from 25 to 31 May 1985. In Islamabad he met with President Zia ul-Haq, Prime Minister Muhammed Khan Junejo and Foreign Minister Sahabzada Yaqub-Khan. At Kabul Mr. Cordovez met with President Babrak Karmal and Foreign Minister Shah Mohammad Dost. For technical reasons Mr. Cordovez was unable to land at Teheran, but he briefed the Permanent Representative of Iran in New York upon his return.

9. Mr. Cordovez reported to me that at Kabul and Islamabad an understanding was reached that the political settlement should consist of a set of instruments that would include a bilateral agreement on non-interference and non-intervention; a declaration (or declarations) on international guarantees; a bilateral agreement on the voluntary return of refugees; and an instrument that would set out the interrelationships between the aforementioned instruments and the solution of the question of the withdrawal of foreign troops in accordance with an agreement to be

/...

concluded between Afghanistan and the Union of Soviet Socialist Republics. A new round of talks was accordingly convened at Geneva from 20 to 24 June 1985.

10. During the June round of talks it was possible virtually to complete the formulation of two draft bilateral agreements, one covering the principles of mutual relations, in particular on non-interference and non-intervention, and the other containing all the arrangements for the voluntary return of the refugees. It may be noted that the latter instrument cannot be finalized before it has been ascertained - as envisaged in one of its draft provisions - that the arrangements for the return of the Afghan refugees are satisfactory to them. The task of preparing these instruments was facilitated by the fact that most of the texts incorporated therein had already been agreed in the document that had been used as a basis for discussion at previous negotiations. It should be stressed that the interlocutors participated in the exercise with renewed determination and vigour.

11. At the June round it was also possible to conclude the formulation of a declaration on international guarantees, which can be made either individually or jointly, the text of which was then conveyed to the Governments of the Union of Soviet Socialist Republics and of the United States of America, the designated guarantors, for their comments. The draft instrument on interrelationships was not considered and the interlocutors agreed to hold a further round of talks in August.

12. The interlocutors accordingly reconvened at the Palais des Nations from 27 to 30 August 1985. The Foreign Minister of Afghanistan, referring to one of the understandings reached at the inception of the diplomatic process, reiterated the view that the negotiations on the instrument on interrelationships should be conducted in direct talks. The Foreign Minister of Pakistan, invoking the same understanding, stressed that a change in the format of the negotiations was not as yet justified. It was not possible to resolve this matter and therefore a draft instrument on interrelationships could not be considered. The interlocutors agreed, however, to hold another round of talks from 16 to 20 December 1985.

13. In the course of the proximity talks held in August the interlocutors considered the written comments received from the designated guarantors and requested my Personal Representative to transmit each of the comments to the other designated guarantor. This was done on 9 September 1985. The Governments of the Union of Soviet Socialist Republics and the United States of America have reiterated on several occasions their Governments' support for a negotiated political settlement and for the continuation of my efforts.

14. In accordance with the understandings reached at the beginning of the process, the Government of the Islamic Republic of Iran was kept informed of the discussions and has consistently reiterated that it supports an early solution that would meet the legitimate aspirations and interests of the Afghan people.

* * *

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15. It is indeed regrettable that an impasse on the procedure for the negotiations should stall the diplomatic process at a time when both sides have re-emphasized their conviction that a political settlement is possible, when both sides have expressed their unequivocal determination to achieve a negotiated settlement and when both sides have indicated that agreement on the substance of all the pending texts should not present insurmountable difficulties. It is obvious, however, that the reasons underlying the position of both sides on the procedure for negotiations have fundamental political import for each of them. This cannot be underestimated. In connection with this procedural issue, as in connection with the substantive issues under discussion, there is, therefore, a question of political will. Both sides must ensure that their determination to conclude the negotiations successfully will prevail. I trust that in considering the decisions that are required to that end they will bear in mind the overriding advantages of an effective settlement for the peoples of the region.

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CONFIDENTIAL

FM WASHINGTON

TO IMMEDIATE FCO

TELNO 2900

OF 181815Z OCTOBER 85

INFO IMMEDIATE UKMIS NEW YORK

INFO PRIORITY KABUL, ISLAMABAD

INFO ROUTINE MOSCOW

TOR: 1854/18 OCT '85

FCO TELNO 504: AFGHANISTAN: UNGA

1. STATE DEPARTMENT'S VIEWS ON THE APPROPRIATE RESPONSE TO THE SECRETARY GENERAL'S REPORT HAVE HARDENED DURING THE WEEK. WE WERE TOLD INFORMALLY ON 15 OCTOBER THAT US ACTION IN NEW YORK WAS ON THE BACK BURNER, WHILE THEY ENCOURAGED PAKISTAN TO TAKE THE LEAD IN PROTESTING AT THE REPORT'S IMBALANCE. THE PAKISTANIS HAVE SINCE SAID THAT THEY WISH TO RAISE THE MATTER ONLY INFORMALLY. THE US MISSION HAS NOW BEEN INSTRUCTED TO MAKE A FORMAL VERBAL COMPLAINT TO THE SECRETARY GENERAL, IF POSSIBLE IN COMPANY WITH THE PAKISTANIS, BUT IF NOT WITHOUT THEM. THE ADMINISTRATION HOPE TO PERSUADE THE SECRETARY GENERAL TO ISSUE A FURTHER CORRECTIVE STATEMENT.

2. STATE HAVE NOT REPEAT NOT ASKED THAT THE UK SHOULD TAKE PARALLEL ACTION WITH THE SECRETARY-GENERAL.

WRIGHT

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RECD: 17/1809

FM FCO
TO PRIORITY UKMIS NEW YORK
TELNO 504
OF 171200Z OCTOBER 85
INFO PRIORITY KABUL, ISLAMABAD, WASHINGTON
INFO ROUTINE MOSCOW

AFGHANISTAN: UNGA

1. RAPHEL (US EMBASSY) HAS TOLD US INFORMALLY THAT THE AMERICANS ARE CONSIDERING INTERNALLY WHETHER TO APPROACH OURSELVES AND THE GERMANS WITH A VIEW TO MAKING A FORMAL COMPLAINT THAT THE RECENTLY PUBLISHED REPORT OF THE SECRETARY GENERAL IS UNBALANCED. APPARENTLY THEIR THINKING IS AT A VERY PRELIMINARY STAGE: IT IS BY NO MEANS CLEAR WHETHER - AND IF SO HOW - THEY WILL TAKE THIS FORWARD. IN ESSENCE, THE AMERICANS FELT THAT A REPORT WHICH SUGGESTS THAT THE IMPASSE IN THE UN TALKS IS THE CONSEQUENCE OF THE PAKISTANI REFUSAL TO CONTEMPLATE DIRECT TALKS, WITHOUT A BALANCING REFERENCE TO THE SOVIET/KARMAL REGIME REFUSAL TO ADDRESS THE ISSUE OF TROOP WITHDRAWAL, SHOULD NOT GO UNCHALLENGED.

2. WE SAID WE LIKEWISE THOUGHT THE REPORT UNBALANCED - AND WERE A LITTLE SURPRISED THAT THE SECRETARY GENERAL HAD SO EVIDENTLY SWALLOWED CORDOVEZ' LINE - BUT THAT WE HAD NOT CONSIDERED FORMALLY CHALLENGING IT.

3. COMMENT. QUITE APART FROM THE MODALITIES OF CHALLENGING' THE SECRETARY GENERAL'S REPORT, OUR INITIAL REACTION IS THAT FOR US, THE AMERICANS AND GERMANS TO PROTEST WOULD BE COUNTER-PRODUCTIVE. NON-ALIGNED AND THIRD WORLD COUNTRIES MIGHT WELL SEE SUCH A MOVE AS BLATANT WESTERN LOBBYING ON BEHALF OF OUR 'CLIENT', PAKISTAN. IT COULD ADVERSELY AFFECT THE VOTE ON THE AFGHANISTAN RESOLUTION AND WOULD PROBABLY EMBARRASS PAKISTAN.

4. GRATEFUL FOR YOUR VIEWS. (IF YOU DISCUSS THIS WITH THE AMERICANS YOU SHOULD MAKE CLEAR THAT WE REALISE THAT RAPHEL'S APPROACH WAS NOT A FORMAL ONE). THEY PRESUMABLY INTEND TO DISCUSS THE IDEA WITH THE PAKISTANIS BEFORE IT IS TAKEN MUCH FURTHER. ITS DIFFICULTIES MIGHT BE REDUCED IF ISLAMIC OR NON-ALIGNED COUNTRIES WERE TO CHALLENGE THE REPORT THEMSELVES BUT ON THE FACE OF IT THIS SEEMS IMPROBABLE.

5. RAPHEL ALSO ASKED OUR VIEWS ON THE INDICATION (ISLAMABAD TELNO 787, NOT TO ALL) THAT THE RESISTANCE DELEGATION TRAVELLING TO THE UNGA MIGHT 'ASK FOR THE AFGHANISTAN SEAT'. WE SAID OUR INITIAL REACTION WAS THAT SUCH A MOVE COULD WELL BE COUNTER-PRODUCTIVE. FORMALLY CHALLENGING THE REGIME CREDENTIALS HAD BEEN CONSIDERED IN 1980 BUT HAD NOT BEEN PRESSED THROUGH FOR VARIOUS REASONS INCLUDING APPARENT ISLAMIC/NON ALIGNED UNWILLINGNESS TO MOUNT A CHALLENGE. HAVE YOU ANY FURTHER INFORMATION AS TO INTENTIONS ON THIS POINT?

HOWE

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Please retype urgently without any marginalia.

Secret

SDI

Democracy

Presidential

SUMMARY OF * ~~[redacted]~~ *

1. Strongest wish of the Soviet Union not to be involved in strategic defence, which would impose a terrible economic strain.

2. They would see the American proposal for sharing information about the SDI but not stopping research and development as a trick. They would believe that the United States was trying to ruin the Soviet economy.

Russian? (1)

3. The Russians could be brought aboard only if the Americans could remove (Russian) their paranoia about the aims of the United States and of the West generally. This could be done by making lots of practical suggestions for bureaucratic devices.

4. Another argument would be to say that money saved on reducing offensive nuclear missiles can be devoted to strategic defence. This would avoid the need for an overall increase in military expenditure.

5. But the Soviets will invest heavily in strategic defence if it has to. The leadership would justify this to their people by means of a greatly stepped up propaganda campaign against the United States.

6. The Soviet leaders are too self-confident and too much under the influence of their own propaganda. The United States needs to set out its views on permissible Soviet behaviour more forcefully.

Norwegian, Ethiopia etc.

7. The President also needs to explain to Gorbachev the real nature of developments in various parts of the world. Gorbachev's own information will be heavily influenced by propaganda.

* Words deleted and retained under Section 3(4).

CAWayland
10 July 2014

SECRET

8. Gorbachev's priorities are arms control and Soviet/United States relations. Everything else is secondary.

9. Gorbachev's main motives for improving Soviet-United States relations will be to gain better access to Soviet technology and science; and to score a personal diplomatic success. It is also psychologically important for the Russians to feel that they are the equal of the United States. United States/Soviet co-operation in World War II was very flattering for them.

10. They need to have the security of feeling equal above all in the nuclear field. They think there is nuclear parity at present but fear the situation is changing in favour of the United States.

11. It will be very difficult for the Soviet leaders to improve the functioning of the Soviet economy, and much more so if they have to go for the SDI. But the russian people are probably prepared to accept further hardship if necessary.

12. Gorbachev and the Party are not dependent on the people. The military complex is a real power: and the military are increasingly dissatisfied with the deterioration in the economy.

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LNSECRET214 OCMIZN 18470

OO CHOGM

FM FCOLN TO CHOGM

221230Z OCT

GRS 919

SECRET

FM FCO

TO IMMEDIATE UKDEL NASSAU

TELNO 84

OF 221230Z OCTOBER 85

FOLLOWING FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES

MIPT

PRESIDENT REAGAN'S ADDRESS TO UNGA 24 OCTOBER

1. TEXT OF US EMBASSY NON-PAPER IS AS FOLLOWS:

AS YOU KNOW, WE HAVE SOUGHT, OVER THE PAST YEAR, TO ENGAGE THE SOVIET UNION IN A DIALOGUE ON REGIONAL ISSUES.

WE HAVE HELD, AS PART OF THAT EFFORT, A NUMBER OF EXPERTS' TALKS WITH THE SOVIETS. WHILE THESE DISCUSSIONS HAVE NOT YIELDED ANY BREAKTHROUGHS, THEY HAVE BEEN USEFUL IN CLARIFYING

OUR RESPECTIVE POSITIONS AND AVOIDING MISCALCULATION.

IN OUR VIEW, IT WOULD BE USEFUL TO PUT THESE EXCHANGES WITH THE SOVIETS ON A MORE REGULAR SCHEDULE. WE HOPE IT WILL BE POSSIBLE TO REACH AGREEMENT WITH THE SOVIETS ON THIS STEP.

AT THE SAME TIME, THE PRESIDENT IS DETERMINED TO MOVE BEYOND EXCHANGING VIEWS.

WE ALSO BELIEVE THAT THE US-SOVIET AGENDA NECESSARILY EXTENDS BEYOND ARMS CONTROL, ALTHOUGH THE SOVIET SIDE SOMETIMES PREFERS TO RESIST THIS.

AS A RESULT, THE PRESIDENT WILL PROPOSE AT THE UNGA NEXT WEEK, A FRAMEWORK FOR DEALING WITH A SERIES OF CONFLICTS THAT HAVE TAKEN A HEAVY TOLL ON THE PEOPLE INVOLVED, AND HAVE CREATED EXTREME CONCERN ABOUT SOVIET SUPPORT OF REPRESSIVE REGIMES. WE WOULD WELCOME PUBLIC STATEMENTS OF YOUR SUPPORT.

HE WILL ADDRESS THE CZFFLICTS IN AFGHANISTAN, NICARAGUA, CAMBODIA, ANGOLA AND ETHIOPIA.

THESE ISSUES ARE AT THE CORE OF INTERNATIONAL TENSIONS, INDEED IT WAS THESE ISSUES THAT WERE LARGELY RESPONSIBLE FOR SHATTERING EFFORTS TO IMPROVE US-SOVIET RELATIONS IN THE 1970S.

THE SOVIET EFFORT TO USE FORCE AND PROXIES TO IMPOSE GOVERNMENTS OF ITS OWN CHOOSING HAS FAILED. THE REGIMES WHICH THE SOVIETS HAVE SUPPORTED ARE REPRESSIVE AND UNPOPULAR, AND HAVE NOT ESTABLISHED THEMSELVES DESPITE OUTSIDE MILITARY INTERVENTION, OFTEN INCLUDING ADVISERS, FOREIGN TROOPS AND MASSIVE MILITARY SUPPLIES. IN FACT THE POLICIES OF THESE SOVIET-STYLE REGIMES HAVE GIVEN RISE TO INDIGENOUS OPPOSITION SEEKING TO LIBERALISE OR OVERTHROW THEM.

THE SYMPATHIES OF FREEDOM-LOVING PEOPLES EVERYWHERE ARE WITH THOSE WHO FIGHT FOR GENUINE SELF-DETERMINATION. - AT THE SAME TIME, WE BELIEVE THESE PROBLEMS REQUIRE POLITICAL, NOT MILITARY SOLUTIONS.

EACH CONFLICT HAS ITS OWN CHARACTER AND REQUIREMENTS FOR A POLITICAL SOLUTION SEMI-COLON THE MEANS MAY VARY, BUT WHAT WE HAVE IN MIND IS A PEACE PROCESS THAT SEEKS PROGRESS AT THREE LEVELS.

THE FIRST LEVEL IS A PROCESS OF NEGOTIATION BETWEEN THE WARRING PARTIES IN GIVEN CONFLICTS. IN AFGHANISTAN, THIS INCLUDES THE SOVIET UNION. NEGOTIATIONS ARE ESSENTIAL TO ACHIEVING AN END TO VIOLENCE, NATIONAL RECONCILIATION AND WITHDRAWAL OF FOREIGN TROOPS.

SECOND, ONCE THE PARTIES MAKE REAL PROGRESS SEPARATE SOVIET-AMERICAN DISCUSSIONS COULD BEGIN. THESE TALKS WOULD NOT BE FORMAL NEGOTIATIONS, BUT WOULD AIM TO SUPPORT THE NEGOTIATING PROCESS BETWEEN THE WARRING PARTIES. THAT WOULD FOCUS ON ENDING OR PREVENTING THE RESUMPTION OF OUTSIDE MILITARY PRESENCE.

IN SOME CASES, SUCH AS AFGHANISTAN AND CAMBODIA, THEY MIGHT OFFER GUARANTEES FOR AGREEMENTS REACHED. BUT IN EVERY CASE, THE PRIMARY US-SOVIET ROLE WILL BE TO SUPPORT REGIONAL EFFORTS TO REDUCE AND ELIMINATE OUTSIDE MILITARY INVOLVEMENT, INCLUDING WITHDRAWAL OF FOREIGN TROOPS AND LIMITATION OF THE FLOW OF OUTSIDE ARMS.

FINALLY, IF THE FIRST TWO STAGES ARE SUCCESSFUL, IT WOULD MAKE POSSIBLE THE REINTEGRATION OF THESE COUNTRIES INTO THE WORLD ECONOMY. THE UNITED STATES IS PREPARED TO CONTRIBUTE GENEROUSLY TO THIS EFFORT.

THE PRESIDENT BELIEVES THAT WHAT WE ARE PROPOSING WILL COMPLEMENT AND REINFORCE THOSE PEACE-MAKING MECHANISMS THAT ARE ALREADY IN PLACE.

HE BELIEVES THAT IF WE ARE UNABLE TO RESOLVE THESE PROBLEMS THROUGH DIRECT NEGOTIATION AMONG THE LOCAL PARTIES AND THROUGH MUTUAL RESTRAINT, THEY WILL ONLY GROW MORE DIFFICULT.

THE SOVIET UNION HAS, UNTIL NOW, RESERVED FOR ITSELF THE RIGHT TO SUPPORT MILITARILY WHAT IT CALLS NATIONAL LIBERATION MOVEMENTS IN SOME AREAS WHILE INTERVENING ON BEHALF OF UNPOPULAR COMMUNIST REGIMES AGAINST GENUINE FREEDOM STRUGGLES. IN OTHERS IT HAS INTERVENED AGAINST GENUINE POPULAR REVOLUTIONS.

IF MOSCOW CONTINUES THIS POLICY, WE WILL BE FORCED TO RESPOND IN KIND AND TENSIONS WILL NOT BE REDUCED.

WE WANT TO STRESS THAT THE PRESIDENT'S INITIATIVE IS NOT A PLAN FOR US-SOVIET CONDOMINIUM. ON THE CONTRARY, IT PUTS THE BURDEN ON THE LOCAL PARTIES TO REACH ACCOMMODATION AND OFFERS THE WELCOME PROSPECT OF SUPERPOWER RESTRAINT AND MILITARY DISENGAGEMENT FROM THESE CONFLICTS.

WE NOTED THAT IN SHEVARDNADZE'S REMARKS AT THE UNGA, HHE SAID THAT CONFLICTS COULD BE RESOLVED AND THAT IN MANY CASES MECHANISMS FOR MEDIATION WERE ALREADY IN PLACE.

WE FRANKLY DOUBT THE SOVIET COMMITMENT TO THESE EFFORTS, BUT WE HOPE SHEVARDNADZE'S STATEMENTS AT THE UNGA MEAN THAT THE SOVIET UNION IS BETTER PREPARED TO WORK CONSTRUCTIVELY TO HELP PROMOTE SOLUTIONS TO THE CONFLICTS WHICH HAVE PLAGUED THESE REGIONS.

WE INTEND TO PRESENT OUR IDEAS TO THE SOVIETS BEFORE THE PRESIDENT MAKES HIS SPEECH. WE EXPECT THE SOVIETS TO FIND PARTS OF THE PROPOSAL DIFFICULT, BUT WE HOPE THEY WILL ULTIMATELY AGREE THAT IT IS ESSENTIAL TO FIND POLITICAL SOLUTIONS TO THESE PROBLEMS.

WE WOULD, OF COURSE, WELCOME YOUR THOUGHTS AND HOPE YOU WILL BE ABLE TO MAKE PUBLIC EXPRESSIONS OF SUPPORT AFTER THE PRESIDENT HAS PRESENTED THIS PROPOSAL TO THE UNGA.

HOWE

SECRET (118) RECD: 22/1702

FM WASHINGTON

TO IMMEDIATE UKMIS NEW YORK DESKBY 222300Z (FOR PRIME MINISTER'S PARTY)

TELNO 8

OF 221700Z OCTOBER 85

INFO IMMEDIATE DESKBY 230800Z FCO

FCO TELNO 86 TO UKDEL NASSAU: PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN: ARMS CONTROL ASPECTS

1. IN OUR TEL NO 6 TO UKDEL NASSAU WE REFERRED TO THE CONTINUING DEBATE ON WHETHER THE ADMINISTRATION SHOULD COUNTER THE GORBACHEV PROPOSALS WITH NEW US PROPOSALS, PRE-GENEVA. THAT DEBATE ESCALATES TODAY TO A NSC MEETING, AT WHICH THE PRESIDENT WILL BE CONSIDERING OPTIONS WHICH WOULD INVOLVE PICKING OUT ACCEPTABLE ELEMENTS IN THE SOVIET OFFER, AND RE-TABLING THEM IN AN ACCEPTABLE CONTEXT (IE WITHOUT THE UNACCEPTABLE FEATURES OF THE GORBACHEV PROPOSALS. THE STATE DEPARTMENT GAME PLAN, WHICH WILL BE ON THE NSC TABLE TODAY, WOULD INVOLVE:

(A) IN NEW YORK THIS WEEK, THE PRESIDENT FORESHADOWING A US COUNTER-PROPOSAL IN HIS 24 OCTOBER UNGA SPEECH, AND AT THE MEETING OF THE 6, WITH SHULTZ PERHAPS DOING THE SAME AT HIS 25 OCTOBER MEETING WITH SHEVARDNADZE SEMI-COLON

(B) IN GENEVA, KAMPELMAN TABLING THE COUNTER-PROPOSAL, BEFORE THE PRESENT ROUND ENDS ON 1 NOVEMBER, THUS ENABLING ...

(C) THE PRESIDENT TO GO PUBLIC WITH THE PROPOSAL BEFORE AND AT THE 19/20 NOVEMBER SUMMIT.

(A) AND (B) MAY BE OPTIMISTIC, BUT STATE ARE FULLY ALIVE TO THE PRESENTATIONAL ADVANTAGES OF (C).

2. THESE DEVELOPMENTS ARE RELEVANT TO PARAS 2(B), (C) AND (G), AND 6 (C) AND (D) OF FCO TUR. AS SEEN FROM HERE THEY INCREASE THE CASE FOR, AND LIKELY ACCEPTABILITY OF, THE PRIME MINISTER PUTTING POINTS 2(B), (C) AND (G) TO THE PRESIDENT TOMORROW.

3. FOR DETAILS OF THE POSSIBLE ELEMENTS IN US COUNTER-OFFER, SEE MIFT.

4. ON MBFR AND THE SUMMIT (PARA 3 OF TUR) SEE OUR TEL NO 4 TO UKDEL NASSAU.

DIST:P.M'S PARTY

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S E C R E T

GRS 650

SECRET

FM WASHINGTON

TO IMMEDIATE UKDEL NASSAU (FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES)

TELNO 004

OF 221345Z OCTOBER 85

AND TO IMMEDIATE FCO (PERSONAL FOR DAUNT), MODUK (PERSONAL FOR HOWE, DACU)

INFO ROUTINE BONN, UKDEL NATO, UKDEL VIENNA (PERSONAL FOR AMBASSADORS)

MY TELNO 2914: MBFR

SUMMARY

1. MACFARLANE BELIEVES THAT THE PRESIDENT WILL AGREE TO THE UK/FRG PROPOSAL. A CASE FOR THE PRIME MINISTER RAISING THE MATTER BRIEFLY WITH THE PRESIDENT ON 23 OCTOBER?

DETAIL

2. MACFARLANE TOLD MALLABY ON 22 OCTOBER THAT THE PRESIDENT WOULD BE LIKELY TO DECIDE QUOTE IN THE NEXT DAY OR TWO UNQUOTE HOW TO REPLY TO THE PRIME MINISTER'S MESSAGE ON MBFR. MACFARLANE THOUGHT THAT HIS DECISION WOULD BE ONE WHICH WOULD PLEASE THE PRIME MINISTER. THE PRESIDENT HAD BEEN ''MOVED'' BY HER MESSAGE. THERE HAD BEEN GREAT RESISTANCE TO THE UK/FRG PROPOSAL (FROM THE PENTAGON) BECAUSE SOVIET FORCES WITHDRAWN FROM THE REDUCTIONS AREA MIGHT GO NO FURTHER THAN THE SOVIET WESTERN MILITARY DISTRICTS, WHEREAS US TROOPS WOULD CROSS THE ATLANTIC: THERE HAD ALSO BEEN CONCERN ABOUT THE IMPLICATIONS FOR OTHER ARMS CONTROL NEGOTIATIONS OF BREAKING WITH NATO'S PREVIOUS INSISTENCE ON AN AGREED DATA BASE. HOWEVER, THE NEW UK VERIFICATION IDEAS COMMANDED CONSIDERABLE RESPECT, AND THE PRESIDENT ACCEPTED THAT THE UK/FRG PROPOSAL, IF IMPLEMENTED, MIGHT PROVIDE A MEANS OF UNCOVERING THE DATA WHICH NATO HAD SOUGHT FOR 12 YEARS. IF (AS MACFARLANE CLEARLY ASSUMED) THE PRESIDENT WERE TO DECIDE TO AGREE TO GO DOWN THE ROAD CHARTED BY THE UK AND FRG,

HE WOULD WISH TO INSIST THAT THE ALLIANCE STICK FIRMLY TO THE LINE THAT DATA EXCHANGE WOULD REMAIN ESSENTIAL FOR ANY COMPREHENSIVE AGREEMENT, OR INDEED THE CONTINUATION OF A LIMITED AGREEMENT ALONG THE LINES OF THE CURRENT PROPOSAL.

3. MALLABY POINTED TO THE ADVANTAGES FOR THE PRESIDENT IN HAVING A WESTERN MBFR PROPOSAL TABLED BEFORE THE 19 NOVEMBER MEETING. MACFARLANE THOUGHT THIS MIGHT BE RIGHT: QUOTE THE PRESIDENT HAS A CANNY SENSE OF THE IMPORTANCE OF PRODUCING NEW IDEAS ON OUR SIDE UNQUOTE.

COMMENT

4. THIS CONFIRMS THAT, FOLLOWING SHULTZ'S DECISION TO BACK OUR PROPOSAL, AND THE GENERALLY FAVOURABLE NSC DISCUSSION ON 18 OCTOBER, THE TIDE IS STILL FLOWING OUR WAY. BUT IT ALSO CONFIRMS THAT THE TIMING OF THE PRESIDENT'S REPLY TO THE PRIME MINISTER'S MESSAGE, AND HENCE OF FOLLOW-UP ACTION IN BRUSSELS AND VIENNA, IS STILL UNCLEAR: AND WE KNOW THAT PENTAGON ATTEMPTS AT FOOT-DRAGGING CONTINUE. IN OUR VIEW, THERE WOULD THEREFORE BE ADVANTAGE IN THE PRIME MINISTER BRIEFLY MAKING TO THE PRESIDENT, IN THE BILATERAL MEETING ON 23 OCTOBER, THE LINK WITH THE SUMMIT.

5. THERE WOULD BE NO NEED TO GO INTO THE SUBSTANCE OF THE UK/FRG PROPOSAL. RATHER THE PRIME MINISTER MIGHT SIMPLY SAY:

(A) THAT SHE HOPES THAT HER MESSAGE PROVED USEFUL SEMI-COLON AND

(B) IF HE AGREES TO OUR IDEAS, SHE WOULD SEE CONSIDERABLE PUBLIC RELATIONS ADVANTAGE FOR HIM IN HAVING THEM TABLED IN VIENNA BEFORE 19 NOVEMBER, SO THAT THEY CAN BE REFERRED TO PUBLICLY THEN. IT WOULD BE GOOD TO PUT THE RUSSIANS ON THE DEFENSIVE.

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File

POINTS WHICH THE PRESIDENT MIGHT MAKE TO MR. GORBACHEV ARISING FROM THE EFFECT OF S.D.I. ON THE SOVIET APPROACH

I want you to understand first of all that the United States is a peace loving country. We have never wanted war, never started a war and we don't covet anyone else's territory. There was a time back in the 1940s and 1950s when we had nuclear weapons and you didn't. But we never made use of that superiority to attack the Soviet Union or to threaten it. We want to live in peace with you.

For the last 30 years that peace has been guaranteed by nuclear deterrence based on approximate equality of nuclear weapons. We don't want to destroy that equality or upset that balance. On the contrary we want to maintain it. The world is a safer place if the Soviet Union and the United States are roughly equal in strength. But we would prefer to see that balance become predominantly one between defensive rather than offensive weapons. That is the purpose of our research programme into S.D.I. And I hope it is the reason why you also are doing this research.

It's no secret that it is going to take several years before we know whether this research is going to produce useable results, though the outlook is promising. We are still far from the phase of irrevocable decisions about a future generation of defensive systems.

We both need a degree of reassurance about what the other side is doing in an area of strategic defence. I think this could best come from reaffirming and strengthening the ABM Treaty. Despite some ambiguities this has served us well and it is something we both know. We could agree now to extend the period of notice needed for denunciation of the

/ Treaty

Treaty. We could commit ourselves to negotiate further to try to achieve agreed interpretations of those parts of it about which our views differ.

But if we're more ambitious we could go beyond that. We might try to agree on what we would and would not do on strategic defence within a specified period. This would give us the reassurance of clarity about each other's intentions. It would also prepare us for the difficult and longer term task of negotiating a transition from strategies based on offence to strategies based on defence.

But for now I want to give you an absolute assurance on four points:-

- The U.S. will not seek superiority over you. Our goal is balance. And we recognise that you want and are entitled to the same.

- Secondly the U.S. will not do anything in its research and testing which contravenes the ABM Treaty.

- Thirdly if our work does move into new areas, we shall discuss them with you as provided for in Agreed Statement D to the ABM Treaty.

- And we shall not deploy strategic defence weapons without prior negotiation with you in accordance with the ABM Treaty.

I hope you will find what I have said reassuring. We have no designs on you. We recognise you as equals. We know that you are entitled as we are to feel secure. Let's

/ find

find that security for both of us by spelling out our intentions with clarity, explaining our motives with frankness and accepting that the world cannot be safe for one of us unless it is safe for both of us.

File No. .....

Department .....
Drafted by
(Block Capitals) .....

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL
Precedence
IMMEDIATE
DESK BY ..... Z

FOR COMMS. DEPT. USE	Despatched (Date) ..... (Time) ..... Z	POST BY ..... Z

PREAMBLE

(Time of Origin) ..... Z(G.M.T.)

(Security Class.) CONFIDENTIAL

(Codeword) .....

(Restrictive Prefix) .....
(Caveat)
(Privacy marking) .....

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TO IMMEDIATE (precedence) FCO (post) Tel. No. ..... of .....

AND TO (precedence/post) .....
RFI NATO POSTS

MOSCOW

AND TO SAVING .....

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[TEXT] FOLLOWING FROM POWELL, PRIVATE SECRETARY TO THE PRIME MINISTER

PRESIDENT REAGAN'S MEETING WITH ALLIED LEADERS

The President's meeting with the Prime Ministers of Canada, Germany, Italy, Japan and the United Kingdom to discuss his forthcoming meeting with Mr Gorbachev lasted a little over an hour. Not a great deal of substance was discussed. The main theme was one of solidarity with and support for the President's approach. This was stressed very strongly by the Prime Minister in her remarks to the press afterwards. There was general agreement that the most satisfactory result from the meeting in Geneva would be a specific impetus to reach agreement in the arms control negotiations.

the US Administration should analyse the Soviet Union's approach to teh Summit very carefully. For the Soviet Union, the SDI appeared to threaten the one area in which they had achieved equality with the Soviet Union, that of nuclear weapons. The United States approach should therefore take account of the psychological difficulties which this created for the Soviet Union. It would be necessary to find ways to reassure the Russians that the strategic balance would not tip sharply against them. This might be done in a variety of ways: efforts to convince the Soviet Union of the United States peaceful intentions: reaffirmation of the ABM Treaty and consideration of possible ways to strengthen Soviet confidence in it: agreement on what would constitute permissible development of strategic defence within specific time limits.

The President offered to brief allies on the outcome of the Soviet in Brussels on 21 November. This was accepted by all those present.

A British draft note for use with the press was agreed and is in MIFT. In speaking to the press herself the Prime Minister stressed Allied solidarity: the Soviet Union would never succeed in separating Europe from the United States. She commented on the thoroughness with which the President was preparing for the Summit. And she welcomed the indications in the President's UN speech that he was considering making further proposals on arms control in advance of the Summit. When pressed for comment on the President's proposals for discussing regional problems with the Soviet Union, also in his UN speech, the Prime Minister said that she did not want to rush into comment on serious proposals before there had been a chance to examine them thoroughly.

Though all participants reserved the right to add personal comments

NOTHING TO BE WRITTEN IN THIS MARGIN

XY 42

File No. .....

Department .....
Drafted by
(Block Capitals) .....

Tel. Extn. .....

OUTWARD

TELEGRAM

Security Classification
CONFIDENTIAL

Precedence
IMMEDIATE

DESK BY ..... Z

FOR COMMS. DEPT. USE

Despatched *(Date)* .....
(Time) ..... Z

POST BY ..... Z

PREAMBLE

(Time of Origin) ..... Z(G.M.T.)

(Security Class.) CONFIDENTIAL

(Codeword) .....

(Restrictive Prefix) .....
(Caveat)
(Privacy marking) .....

(Desk by) ..... Z

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[TEXT] FOLLOWING MIPT FROM POWELL, PRIVATE SECRETARY TO THE PRIME MINISTER

PRESIDENT REAGAN'S MEETING WITH ALLIED LEADERS

FOLLOWING IS TEXT FOR USE WITH THE PRESS

The Heads of Government had a very worthwhile exchange of views on the prospects for President Reagan's forthcoming meeting with Mr Gorbachev. They hoped that this meeting would achieve progress across the full range of East-West issues and give a strong impetus to current negotiations, particularly the arms control discussions in Geneva. They will support the President fully in his talks.

The Heads of Government welcomed the President's initiative in arranging

in arranging their session today and his commitment to continuing close consultations before and after his meeting with Mr Gorbachev.

NOTHING TO BE WRITTEN IN THIS MARGIN

GRS 442

CONFIDENTIAL
FM FCO
IMMEDIATE UKDEL NASSAU
TELNO 68
OF 211700Z OCTOBER 85
INFO WASHINGTON, UKMIS NEW YORK

FOLLOWING FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES

WASHINGTON TELNO 06 AND FCO TELNO 50 : PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN

1. WE GENERALLY ENDORSE THE ADVICE IN FIRST TUR ON SUBJECTS THE PRIME MINISTER MIGHT RAISE.

2. A REVISED BRIEF COVERING OUR APPROACH TO THE 19/20 NOVEMBER SUMMIT AND INCLUDING ARMS CONTROL AND SDI IS BEING TELEGRAPHED SEPARATELY. IT IS DESIGNED FOR BOTH THE BILATERAL AND THE WIDER MEETING.

3. BRIEFING HAS BEEN SENT BY COURIER ON TERRORISM AND INTERNATIONAL TRADE ISSUES.

4. MSE. PRIME MINISTER WILL WISH TO REAFFIRM HER CONTINUED PERSONAL INTEREST. NEED TO STRESS BOTH THE TECHNICAL/ OPERATIONAL SUPERIORITY OF PTARMIGAN, AND THE IMPORTANCE OF CONTRACT TO UK INDUSTRY AS WELL AS THE POLITICAL SIGNIFICANCE OF AWARD (WHICH IS STILL IMMINENT).

5. PRESIDENT'S RESPONSE MAY BE THAT HE CANNOT INTERVENE IN COMPETITIVE PROCESS. PM MIGHT REPLY THAT AN ELEMENT OF POLITICAL JUDGEMENT IS INEVITABLE, PARTICULARLY WHEN THE TWO COMPETING SYSTEMS ARE NOT WHOLLY COMPARABLE.

6. WE WOULD RECOMMEND THAT PM SHOULD NOW ARGUE PTARMIGAN CASE ON ITS OWN MERITS. FOLLOWING LEAKS OF PREVIOUS HIGH LEVEL MESSAGES WHICH INCLUDED SOME IMPLIED CRITICISM OF FRANCE, FURTHER LOBBYING ON THIS TACK WOULD BE COUNTER-PRODUCTIVE.

7. THE PM SHOULD BE AWARE THAT ACCORDING TO PLESSEY, THE GOVERNMENTS OF ITALY AND SOUTH KOREA ARE DELAYING THEIR AWARD OF CONTRACTS FOR MILITARY COMMUNICATIONS SYSTEMS UNTIL AFTER THE US DECISION IS ANNOUNCED. THESE WOULD BE ONLY THE FIRST OF MANY LIKELY QUOTE FOLLOW-UP UNQUOTE ORDERS.

8. NORTHERN IRELAND. WE AGREE WITH PARA 10 OF FIRST TUR THAT IF TIME PERMITS, IT WOULD BE USEFUL FOR THE PRIME MINISTER TO BRING THE PRESIDENT UP TO DATE IN GENERAL TERMS ON THE STATE OF THE ANGLO-IRISH NEGOTIATIONS. WE ALSO AGREE THAT IT WOULD BE WORTH PUTTING DOWN A MARKER WITH THE PRESIDENT ABOUT THE IMPORTANCE TO US OF THE UK/US SUPPLEMENTARY EXTRADITION TREATY. IN DECIDING HOW FAR TO PRESS FOR THE PRESIDENT'S PERSONAL INVOLVEMENT AT THIS STAGE, THE PRIME MINISTER WILL WISH TO BEAR IN MIND THE NEED TO KEEP SOME AMMUNITION IN RESERVE FOR LATER, IF IT BECOMES CLEAR THAT THERE IS A REAL RISK OF THE TREATY BEING BLOCKED OR UNACCEPTABLY AMENDED, FOR EXAMPLE WHEN IT REACHES THE FLOOR OF THE SENATE.

HOWE

OCMIAN 8303

NNNN

SECRET

DD 221430Z CHOGM

FM FCOLN TO CHOGM

211730Z OCT

GRS 1339

Prime Minister

I asked for some further work on the points for discussion on ~~arms~~ arms control. This is better, though still does not have a broad enough approach

CDP.

SECRET

FM FCO

TO DESKBY 221430Z UKDEL NASSAU

TLNO 86

OF 211730Z OCTOBER 85

INFO IMMEDIATE WASHINGTON

FOR SECRETARY OF STATE'S PARTY

WASHINGTON TELNO 6 TO YOU: PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN: ARMS CONTROL ASPECTS

1. SINCE THE DRAFT OF THE PRIME MINISTER'S SPEAKING NOTE FOR USE AT THE SUMMIT MEETING IN NEW YORK ON 24 OCTOBER WAS PREPARED, THERE HAVE BEEN THREE FURTHER DEVELOPMENTS:

I) THE SOVIET FORMAL OFFER TO US OF TALKS ON OUR DETERRENT:

II) THE PRESIDENT'S REAFFIRMATION OF THE RESTRICTIVE INTERPRETATION OF THE ABM TREATY, FOR THE PURPOSES OF SDI RESEARCH: AND

III) FURTHER SOVIET PROPOSALS GOVERNING INF AND KRASNOYARSK.

THE PRIME MINISTER IS NOW ALSO TO SEE THE PRESIDENT BILATERALLY. AND THERE WILL BE OTHER LOWER LEVEL CONTACTS, BOTH BILATERAL (POLITICO-MILITARY TALKS) AND ALLIANCE (SCG), THIS WEEK.

BILATERAL - GENEVA ISSUES

2. AT HER BILATERAL MEETING THE PRIME MINISTER MAY WISH TO MAKE THE FOLLOWING POINTS:

A) GENEVA MEETING OF GREAT IMPORTANCE NOT ONLY FOR EAST-WEST RELATIONS, BUT FOR THE ALLIANCE. IF IT GIVES A VISIBLE IMPETUS

TO ARMS CONTROL, GOOD BASIS FOR MANAGING A POLITICALLY CRITICAL COUPLE OF YEARS:

B) THERE IS A GREAT DEAL FAMILIAR AND UNACCEPTABLE IN THE SOVIET PROPOSALS, ESPECIALLY THE CONTINUING BID FOR A EUROSTRATEGIC BALANCE. BUT WE SHOULD EXPLOIT THE CHANCE WHICH SOME OF THE SOVIET IDEAS OFFER TO GET A REAL NEGOTIATION STARTED ON OFFENSIVE REDUCTIONS:

C) GORBACHEV A SKILFUL OPERATOR. MUST BEAT HIM AT HIS OWN GAME. US 'COUNTER-PROPOSALS' PRE-SUMMIT WOULD BE ASTUTE BOTH DIPLOMATICALLY AND FOR ALLIANCE MANAGEMENT:

D) EMPHASISE NEED TO ENGAGE RUSSIANS IN AGREED CLARIFICATION OF GREY AREAS IN RESEARCH/DEVELOPMENT AREA, AND ON PROVIDING PREDICTABILITY ON THE OFFENSIVE/DEFENSIVE RELATIOZSHIP, BASED ON CONTINUING OBSERVANCE OF THE ABM TREATY. WELCOME CONTINUING US RESTRICTIVE INTERPRETATION:

E) KEY WESTERN INTEREST IS PRESERVATION OF EXISTING ARMS CONTROL REGIME. CONCERNS ABOUT SOVIET NFN-COMPLIANCE SHOULD NOT BE CAUSE FOR OVERTHROWING THIS:

F) KRASNOYARSK/FYLINGDALES TRADE OFF TOTALLY UNACCEPTABLE BUT WORTH SEEING WHETHER WILLINGNESS TO GIVE UP KRASNOYARSK CONTAINS A REAL SIGNAL THAT GORBACHEV SEES THE NEED TO MEET OUR CONCERN:

G) HANDLING OF SOVIET PROPOSAL ON MODERNISATION A KEY INTEREST FOR US, GIVEN TRIDENT D5. MUST BE REJECTED. WESTERN DETERRENTS CANNOT BE FROZEN AND REMAIN CREDIBLE:

H) CONSCIOUS THAT GORBACHEV'S MOTIVES IN WOOING FRANCE AND BRITAIN AIMED AT DE-COUPLING US AND EUROPE. DIALOGUE A KEY ELEMENT OF OUR SOVIET POLICY AND ALREADY COVERS ARMS CONTROL. IN FOLLOWING UP GORBACHEV PROPOSAL, WILL BE GUIDED BY TWO PRINCIPLES. NO QUESTION OF REDUCTIONS IN UK FORCES, NOW OR LATER, UNTIL OUR PRECONDITIONS ARE FULFILLED. WILL KEEP IN CLOSEST POSSIBLE TOUCH.

NON GENEVA ARMS CONTROL ISSUES

3. IN THE LIGHT OF WASHINGTON TEL NO 2914, AND UNLESS THE PRESIDENT HAS REPLIED IN THE MEANTIME, IT WOULD BE MOST VALUABLE IF THE PRIME MINISTER REFERRED TO OUR RECENT INITIATIVE AND HER HOPE THAT THE PRESIDENT WILL SUPPORT IT. IT WOULD BE TACTICALLY USEFUL IF SHE COULD ALSO MENTION HER CONTINUING CONCERN OVER PROGRESS IN THE CW NEGOTIATIONS. MBIER

SUMMIT MEETING AND DINNER

4. FOR THE MEETING OF THE SIX THE EXISTING BRIEF REMAINS VALID BUT THE PRIME MINISTER MAY ALSO WISH TO WELCOME THE PRESIDENT'S DECISION ON ABM TREATY INTERPRETATION.

SDI PARTICIPATION

5. ON SDI PARTICIPATION (PARAGRAPH 9 OF WASHINGTON TUR) MR HESELTINE HAS BEEN CONSULTED AND THE FOLLOWING ADVICE AGREED WITH HIM. OD IS TO REVIEW THE OUTCOME OF THE OFFICIAL LEVEL TALKS ON 28 OCTOBER. THE JOINT WORKING GROUP HAS IDENTIFIED 18 AREAS WHERE THE UK COULD MAKE A CONTRIBUTION WHICH WE ASSESS TO BE WORTH ABOUT 1.5 BILLION DOLLARS OVER 5 YEARS. THE US SIDE AGREE WITH THE AREAS BUT ARE NOT IN A POSITION AT OFFICIAL LEVEL TO MOVE BEYOND PARTICIPATION IN PATHFINDER TYPE WORK WORTH ABOUT 150 MILLION DOLLARS OVER 5 YEARS. THE UK SIDE HAVE SUGGESTED MECHANISMS BY WHICH CONTRACTS MIGHT BE PLACED WITH UK FIRMS RATHER THAN HAVING TO GO TO COMPETITION. A NUMBER OF ISSUES ON INFORMATION EXCHANGE HAVE BEEN CLEARED AWAY BUT WE HAVE YET TO ESTABLISH THE GUARANTEED AVAILABILITY OF US INFORMATION TO GIVE MEANING TO THE INFORMATION EXCHANGE PROGRAMME. WE ARE SEEKING A TECHNOLOGY TRANSFER REGIME IN WHICH THE US WOULD TREAT BRITISH COMPANIES AS WE FOR OUR PART WOULD TREAT US ONES. WE ARE FULLY SEIZED OF THE SECURITY DIMENSION. IT IS CLEAR THAT THESE KEY ISSUES CAN ONLY BE CARRIED FORWARD AT

THE POLITICAL LEVEL, INITIALLY WHEN MR HESELTINE SEES MR WEINBERGER ON 29 OCTOBER. THE US DESIRE TO SIGN US UP FORMALLY BEFORE THE SUMMIT GIVES US SOME NEGOTIATING LEVERAGE. IF WE ARE TO EXPLOIT IT, WE MUST GUARD AGAINST GIVING ANY COMMITMENT IN PRINCIPLE TO SIGN UP UNTIL WE HAVE SEEN WHAT THE AMERICANS HAVE TO OFFER ON THESE KEY ISSUES. THE PRIME MINISTER MAY WISH TO RECALL HER EARLIER CONVERSATION WITH THE PRESIDENT IN THE SUMMER WHEN SHE EXPLAINED THE CASE FOR SUBSTANTIAL UK PARTICIPATION IN THE CONTEXT OF THE ADVERSE BALANCE OF DEFENCE TRADE, THE HUGE COST OF TRIDENT AND THE POLITICAL NEED TO SHOW BENEFITS FROM THE CLOSE ANGLO-AMERICAN RELATIONSHIP. OFFICIALS HAVE SHOWN THAT SUBSTANTIAL PARTICIPATION IS POSSIBLE IF THE POLITICAL WILL IS THERE. SHE HOPES THAT THE PRESIDENT AND MR WEINBERGER WILL BE READY TO CARRY THIS FORWARD RECOGNISING THIS POLITICAL DIMENSION: IF SO, THEY WILL FIND THE BRITISH GOVERNMENT VERY READY QUICKLY TO RESPOND.

BACKGROUND

6. THE FOLLOWING POINTS ARE RELEVANT:

A) MANY OF THE KEY SOVIET PROPOSALS REPACKAGED, DEPRESSINGLY FAMILIAR, AND UNACCEPTABLE. THIS IS PARTICULARLY TRUE OF INF WHERE THE CONTINUED SOVIET AIM OF ACHIEVING A EUROSTRATEGIC BALANCE IS UNDERLINED BY A GLOSS BY KARPOV (CHIEF SOVIET NEGOTIATOR) TO THE PROPOSALS

ANALYSED IN THE DEFENCE DEPARMENT MINUTE OF 15 OCTOBER TO THE EFFECT THAT ACCEPTANCE OF SOME US GLCM DEPLOYMENTS WOULD MERELY BE AN INTERIM STEP ON THE WAY TO AN SS20/BRITISH AND FRENCH SYSTEMS BALANCE. WE NEED TO ENSURE THAT IN THESE CIRCUMSTANCES

THE ALLIANCE ADHERES FIRMLY TO AGREED NATO OBJECTIVES OF GLOBAL US/SOVIET BALANCE WITH NO COMPENSATION FOR BRITISH AND FRENCH SYSTEMS:

B) THE ATTENTION BEING PAID BY GORBACHEV TO EUROPE, INCLUDING HIS PROPOSALS TO MITTERRAND AND THE PRIME MINISTER HAVE TO BE SEEN IN THIS LIGHT. WE SHALL NEED TO BE VERY WARY OF THE POLITICAL OBJECTIVES BEHIND HIS PROPOSALS, AS WELL AS OF THEIR IMPLICATIONS FOR OUR OWN NUCLEAR DETERRENT:

C) NITZE HAS ALREADY IDENTIFIED TO THE NAC A NUMBER OF POINTS ON WHICH THE AMERICANS MIGHT BUILD. THE POINT OF DIRECT RELEVANCE TO US IN THE STRATEGIC AREA IS US HANDLING OF THE SOVIET MODERNISATION BAN WHICH WOULD CATCH THE TRIDENT D5. (ANALYSIS WILL ALSO BE NEEDED TO ASSESS THE IMPLICATIONS FOR THE ALLIANCE'S WORK ON SHORT RANGE INF MODERNISATION POST MONTEBELLO OF A SOVIET MODERNISATION BAN):

D) THERE HAVE BEEN SOME HINTS FROM WASHINGTON OF THE POSSIBLE PRESENTATION OF SOME REPACKAGED AMERICAN IDEAS BEFORE THE MEETING, PERHAPS BEFORE THE END OF THE PRESENT GENEVA ROUND ON 1 NOVEMBER. THE PRESIDENT WILL HAVE SPOKEN TO THE UNGA EARLIER ON 24 OCTOBER:

E) A FURTHER DOD REPORT ON COMPLIANCE IS DUE ON 15 NOVEMBER. IT MAY BE DELAYED BUT THIS IS PROBABLY THE PRIME MINISTER'S LAST FACE TO FACE OPPORTUNITY BEFORE FURTHER US DECISIONS ARE

TAKEN TO REPEAT HER CONCERNS THAT THE COMPLIANCE ISSUE SHOULD NOT UNDERCUT THE EXISTING TREATIES. THE US HAVE OFFERED FURTHER BILATERAL TALKS ON COMPLIANCE TO WHICH WE HAVE AGREED IN PRINCIPLE:

F) THOUGH THE PACKAGING OF THE OFFER TO TRADE KRASNOYARSK FOR FYLINGDALES (AND THULE) IS CLEARLY UNACCEPTABLE, IT CANNOT HAVE BEEN EASY FOR GORBACHEV TO OFFER TO GIVE UP KRASNOYARSK ANU TAKEN TOGETHER WITH THE RENEWED OFFER OF INSPECTION VISITS THIS MAY JUST SIGNAL A RECOGNITION THAT IT IS AN ISSUE WHICH NEEDS TO BE MANAGED. WE SHOULD PRESS THE AMERICANS TO FOCUS ON WAYS OF BUILDING ON THIS, AND TO SEEK TO ENGAGE THE RUSSIANS IN ALL WAYS OF STRENGTHENING MUTUAL ADHERENCE TO THE ABM TREATY:

G) WASHINGTON TEL NO 2914 SETS OUT THE PRESENT STATE OF PLAY ON MBFR.

7. IF THE SECRETARY OF STATE IS CONTENT PLEASE PASS DIRECT TO PS/PRIME MINISTER.

HOWE

OCMIAN 18494

NNNN

Akromeyer

21/1830.

ZCZC
LNUZAN 0182 OCMIAN 8157
CONFIDENTIAL
OO CHOGM
FM FCOLN TO CHOGM
211445Z OCT
GRS 880

This says in effect that the Russians will develop their own SDI if necessary.

CONFIDENTIAL
FM FCO
TO IMMEDIATE UKDEL NASSAU
TELNO 62
OF 211445Z OCT

FOLLOWING TELEGRAM NOW REPEATED TO YOU AT REQUEST OF PRIVATE OFFICE WAS RECEIVED FROM MOSCOW TELEGRAM NO 1388 OF 21 OCT 85.

FOR PRIME MINISTERS PARTY AND PS OF S OF S.

CONFIDENTIAL
FM MOSCOW
TO IMMEDIATE FCO
TELNO 1388
OF 210915Z OCTOBER 85
INFO PRIORITY WASHINGTON, PARIS, BONN, UKDEL NATO, MODUK (DACU)
INFO SAVING TOKYO, HELSINKI

MARSHAL AKHROMEEV ON SOVIET ARMS CONTROL PROPOSALS

SUMMARY

1. MARSHAL AKHROMEEV, CHIEF OF THE GENERAL STAFF AND FIRST DEPUTY DEFENCE MINISTER, GAVE AN EXTENSIVE AND DETAILED ACCOUNT, IN PRAVDA ON 19 OCTOBER, OF THE SOVIET STANCE ON SDI AND THE ABM TREATY. HE RAISED THE PROSPECT OF SOVIET SPACE-BASED DEFENCE, WHILE DENYING ANY PRESENT PROGRAMME ANALOGOUS TO SDI. HE CRITICISED THE US INTERPRETATION OF THE ABM TREATY IN SOME DETAIL AND COMMENTED HARSHLY ON US PREPARATIONS FOR THE SUMMIT.

DETAIL

2. BESIDES A RESUME OF SOVIET ARMS CONTROL PROPOSALS AND PREVIOUSLY STATED SOVIET POSITIONS ON THE STRATEGIC BALANCE, INCLUDING FIGURES, AKHROMEEV COVERED THE FOLLOWING THEMES:

A) US REACTION TO PROPOSALS:

- THE PROCESS HAD BEGUN OF ''FALSIFICATION AND PUBLIC DISCREDITING''. WASHINGTON'S ASSERTION THAT THE SOVIET PROPOSALS MIGHT BE A STARTING POINT WAS ONLY FOR APPEARANCE'S SAKE. THE ADMINISTRATION WERE TRYING TO REJECT NOT THE DETAILS BUT THE ESSENCE.

B) SDI

- THE US HAD CATEGORICALLY REJECTED A BAN ON THE CREATION AND DEPLOYMENT OF SPACE STRIKE WEAPONS. BUT A GRADUAL TRANSITION FORM OFFENSIVE NUCLEAR TO DEFENSIVE NON-NUCLEAR SYSTEMS WAS A ''FALSE CONCEPT'' DESIGNED TO CONCEAL AGGRESSIVE INTENTIONS.

- A BAN ON ''SPACE STRIKE WEAPONS'' WAS THE KEY ISSUE. WITHOUT IT THERE WOULD BE AN UNCONTROLLED STRATEGIC NUCLEAR AND SPACE ARMS RACE. THE SOVIET UNION COULD NOT BE NAIVE AND COUNT ONLY ON US PEACEFUL ASSERTIONS. IF THE CREATION OF SPACE STRIKE WEAPONS WAS CONTINUED, ''NOTHING WILL REMAIN BUT TO TAKE COUNTER-MEASURES INRRHE FIELD OF BOTH OFFENSIVE AND OTHER, NOT EXCLUDING DEFENSIVE, ARMAMENTS, INCLUDING THOSE BASED IN SPACE''. WASHINGTON UNDER-ESTIMATED SOVIET POTENTIAL. AS GORBACHEV HAD SAID, THERE WOULD BE NO AMERICAN MONOPOLY IN SPACE.

- THE US CLAIMED THAT THE SOVIET UNION HAD ALREADY VIRTUALLY CREATED AN ABM DEFENCE. THIS WAS A DECEPTION. ''THE SOVIET UNION IS NOT ENGAGED IN DEVELOPING, AND CONSEQENTLY, IN TESTING ANY TYPES OF SPACE WEAPONS WHATSOEVER. WE HAVE NO PROGRAMME OF CREATING SPACE STRIKE WEAPONS AND NO STAR WARS PLANS ANALOGOUS TO THE AMERICANS.''

C) INTERPRETATION OF ADMT:

- THE NEW US INTERPRETATIONS (MACFARLANE ON 6 OCTOBER AND THE CONFIDENTIAL PENTAGON STUDY) WERE A ''DELIBERATE DECEIT''. AGREED STATEMENT D ALLOWED RESEARCH, DEVELOPMENT AND TESTING OF ABM SYSTEMS OR COMPONENTS BASED ON OTHER PHYSICAL PRINCIPLES UNDER THE STRICT LIMITS DEFINED BY THE TREATY AND ''ONLY USING PERMANENT GROUND-BASED ABM SYSTEMS (AS DEFINED IN ARTICLE III''. ANY DEPLOYMENT OF SUCH SYSTEMS WAS SUBJECT TO PRELIMINARY CONSULTATION WITH THE OTHER SIDE AND TO THE INTRODUCTION OF THE NECESSARY AMENDMENTS TO THE TREATY.

- THE ABM TREATY WAS OF FUNDAMENTIAL IMPORTANCE FOR THE WHOLE PROCESS OF NUCLEAR ARMS CONTROL. IT WAS THE BASIS OF STRATEGIC STABILITY AND INTERNATIONAL SECURITY.

D) SUMMIT

- THE SOVIET UNION WAS GOING TO THE SUMMIT WITH A FIRM DESIRE TO AGREE ON JOINT MEASURES. THERE WAS NO SIGN YET OF BUSINESSLIKE AND CONSTRUCTIVE US PREPARATIONS. THE US HAD NOT MADE A SINGLE POSITIVE STEP OR CONSTRUCTIOVE PROPOSAL.

COMMENT

3. THE INTERESTING FEATURES OF THIS AUTHORITATIVE REVIEW OF ARMS CONTROL PROSPECTS IN THE RUN-UP TO THE SUMMIT ARE THE EXPLICIT SUGGESTION THAT SPACE BASED WEAPONS COULD BE A PART OF THE SOVIET RESPONSE TO SDI, AND THE VERY FIRM STAND ON THE ABM TREATY, RESTRICTIVELY INTERPRETED. IN HIS TASS INTERVIEW ON 5 MAY (MOSCOW TELNO 653) DEFENCE MINISTER SOKOLOV MENTIONED THZ POSSIBILITY OF SOVIET DEFENSIVE (''ANTI-MISSILE'') COUNTER-MEASURES TO SDI, BUT MADE NO MENTION OF SPACE BASING. AKHROMEEV HIMSELF, IN PRAVDA ON 4 JUNE (MOSCOW TELNO 794) SPOKE ONLY OF ''ADDING TO THE PROTECTIONS'' OF SOVIET STRATEGIC FORECES.

4. THE TONE OF THE ARTICLE IS TOUGH. BUT IT FITS THE PATTERN OF SOVIET BUILD-UP TO THE SUMMIT IN WHICH THE SOVIET PEACE INITIATIVES ARE CONTRASTED WITH US RIGID INSISTENCE ON SDI, NUCLEAR TESTING, INF DEPLOYMENT, NUCLEAR MODERNISATION RE-INTERPRETING OF ABM OBLIGATIONS AND GENERAL REFUSAL TO RESPOND CONSTRUCTIVELY TO REASONABLE SOVIET PROPOSALS.

5. IT IS NOT CLEAR WHY THE RUSSIANS HAVE GONE THE STEP FURTHER PUBLICLY, TOWARDS SPACE BASED WEAPONS OF THEIR OWN AS A RESPONSE TO SDI, PARTICULARLY WHEN ACCOMJPANIED BY A REPETITION OF REASSURING LANGUAGE ABOUT THERE BEING NO CURRENT SOVIET''STAR WARS'' DEVELOPMENT. THE MOST LIKELY TARGET IS WESTERN AND SOVIET PUBLIC OPINION. THE MESSAGE TO THE FORMER IS THAT AN UNCONTROLLED, DESTABILISING AND EXPENSIVE SPACE ARMS RACE IS INDEED A REAL POSSIBILITY AND THAT IS IT THE US THAT IS PUSHING THINGS THAT WAY: TO THE LATTER, REASSURANCE THAT EFFECTIVE SOVIET RESPONSE IS IN HAND.

6. THERE IS NO REFERENCE EVEN BY IMPLICATION TO THE NEW SOVIET PROPOSALS (FCO TELNO 1662 TO WASHINGTON). INDEED AKHROMEEV REPEATS THE PREVIOUS PROPOSAL FOR EQUALITY OF SS20S WITH BRITISH AND FRENCH SYSTEMS.

CARTLEDGE

OCMIAN 8157

GRS 462

CONFIDENTIAL
FM FCO
TO IMMEDIATE UKDEL NASSAU
TELNO 73
OF 211830Z OCT 85
INFO IMMEDIATE UKMIS NEW YORK

Tomorrow
/

FOLLOWING FOR PS/SECRETARY OF STATE
PRIME MINISTER'S VISIT TO NEW YORK: MEETING WITH SECRETARY-GENERAL

1. SUBJECT TO THE SECRETARY OF STATE'S VIEWS, WE RECOMMEND THAT WHEN THE PRIME MINISTER SEES THE SECRETARY-GENERAL SHE SHOULD RAISE THE QUESTION OF THE APPOINTMENT OF A NEW UN HIGH COMMISSIONER FOR REFUGEES. OUR OBJECTIVE WOULD BE TO LEAVE THE SECRETARY-GENERAL IN NO DOUBT THAT, IF HE WERE TO SUGGEST MISS JOAN ANSTEE AS A COMPROMISE CANDIDATE, HE WOULD HAVE BRITISH SUPPORT. THIS SUBJECT IS NOT (NOT) COVERED IN THE BRIEFING FOR THE MEETING FORWARDED BY COURIER.

BACKGROUND

2. THE POST OF UN HIGH COMMISSIONER FOR REFUGEES FALLS VACANT AT THE END OF 1985 WHEN MR POUL HARTLING (DENMARK) RETIRES. THE CHOICE OF SUCCESSOR LIES WITH THE SECRETARY-GENERAL, IN CONSULTATION WITH THE GENERAL ASSEMBLY (THROUGH REGIONAL GROUPS).

3. THERE ARE SEVERAL CANDIDATES IN THE FIELD, INCLUDING
MR MAX VAN DER STOEL (NETHERLANDS)
DR BOUTROS GHALI (EGYPT)
MR JEAN-PIERRE HOCKE (SWITZERLAND)
MR TOM VRAALSEN (NORWAY).

4. NONE OF THESE CANDIDATES APPEARS TO HAVE OBTAINED WIDESPREAD SUPPORT. THE TEN ARE COMMITTED TO VAN DER STOEL, THOUGH FRANCE AND GREECE ARE THOUGHT TO HAVE DEFECTED TO BOUTROS GHALI. MR VAN DER STOEL HIMSELF IS INCREASINGLY GLOOMY ABOUT HIS OWN CHANCES. DR BOUTROS GHALI'S CANDIDATURE HAS NOT TAKEN OFF. THE AMERICANS SUPPORT MR HOCKE BECAUSE HE IS A GOOD ADMINISTRATOR, BUT HOCKE IS APPARENTLY GAINING LITTLE GROUND.

5. THE SECRETARY GENERAL IS, IN HIS OWN WORDS, QUOTE STUCK UNQUOTE. HE IS KNOWN TO BE TOYING WITH THE IDEA OF NOMINATING MISS JOAN ANSTEE, AT PRESENT ASSISTANT SECRETARY GENERAL FOR DEVELOPMENT COOPERATION, AFTER URQUHART THE SENIOR BRITON IN THE UN SECRETARIAT. HE HAS VERY RECENTLY TOLD MISS ANSTEE THAT THIS IDEA WAS STILL IN HIS MIND.

6. MISS ANSTEE IS WELL QUALIFIED FOR THE JOB. WE HAVE IN THE PAST FELT INHIBITED FROM PUSHING HER CLAIMS FOR ADVANCEMENT FOR FEAR THAT THIS MIGHT COMPLICATE THE URQUHART SUCCESSION. BUT MR GOULDING'S APPOINTMENT IS NOW SECURE. WE THINK THAT HER BEST, AND INDEED ONLY, CHANCE OF SUCCESS IS IF THE SECRETARY-GENERAL HIMSELF PROMOTES HER AS A LAST MINUTE QUOTE DARK HORSE UNQUOTE COMPROMISE.

7. WE AND THE MISSION CONSIDER THAT THERE WOULD BE ADVANTAGE IN THE PRIME MINISTER MENTIONING TO PEREZ DE CUELLAR THAT IF HE WERE TO PROPOSE MISS ANSTEE HE (AND SHE) WOULD HAVE BRITISH SUPPORT. THIS FORMULA WOULD PROVIDE THE SECRETARY GENERAL WITH REASSURANCE WITHOUT DAMAGING OUR PRESENT COMMITMENT TO MR VAN DER STOEL.

8. MISS ANSTEE WILL BE AT THE SECRETARY GENERAL'S LUNCH FOR PRESIDENT REAGAN ON 23 OCTOBER WHICH THE PRIME MINISTER WILL ALSO BE ATTENDING.

HOWE

OCMIAN 8321

NNNN
Q

OCMIAN 8343
RESTRICTED
OO CHOGM
FM FCOLN TO CHOGM
212200Z OCT
GRS 800

RESTRICTED
FM FCO
TO IMMEDIATE UKDEL NASSAU
TELNO 75
OF 212200Z OCTOBER 85
FOLLOWING RECEIVED FROM CABINET OFFICE AS TELNO MISC 412 OF 21/10
FOLLOWING IS FOR WICKS, PRIME MINISTER'S PARTY, FROM FLESHER,
NO. 10.

BEGINS.
YOU ASKED FOR IDEAS FOR THE PRIME MINISTER'S LUNCH WITH BUSINESSMEN IN NEW YORK. IN PARTICULAR, DRAWING ATTENTION TO THE GOVERNMENT'S RECORD IN THE CONTEXT OF ITS ASPIRATIONS WHEN ELECTED IN 1979. FOLLOWING ARE MY SUGGESTIONS.

OBJECTIVE 1: TO MODERNISE THE BRITISH ECONOMY AND MAKE IT COMPETITIVE. ACHIEVEMENTS INCLUDE: FOURTH SUCCESSIVE YEAR OF GROWTH WITH UK EXPECTED TO GROW FASTER THAN ANY EC COUNTRY (AND USA) THIS YEAR: INVESTMENT AT ALL TIME RECORD: FIVE SUCCESSIVE BALANCE OF PAYMENTS SURPLUSES: LIVING STANDARDS AT RECORD LEVELS: OVER 670,000 NEW JOBS IN LAST TWO YEARS, MORE THAN REST OF THE EC PUT TOGETHER.

OBJECTIVE 2: TO EXTEND PROPERTY OWNERSHIP FAR MORE WIDELY. ACHIEVEMENTS INCLUDE: OVER TWO MILLION MORE OWNER-OCCUPIERS: SHARE OWNERSHIP MORE THAN DOUBLED AFTER FALLING FOR MANY YEARS (BT SHARE ISSUE ALONE DOUBLED NUMBER OF SHARE OWNERS): SELF-EMPLOYMENT UP BY 700,000 AFTER FALLING FOR MANY YEARS: NUMBER

OF BUSINESSES UP BY 100,000.

OBJECTIVE 3: TO END THE EXTENSION OF STATE POWER AT THE EXPENSE OF THE INDIVIDUAL. ACHIEVEMENTS INCLUDE: MASSIVE PRIVATISATION PROGRAMME TRANSFERRING 12 MAJOR COMPANIES AND 400,000 JOBS TO PRIVATE SECTOR: REDUCTION IN THE SIZE OF THE CIVIL SERVICE BY OVER 100,000 TO SMALLEST SINCE THE WAR: ABOLITION OF MANY CONTROLS, EG PRICE, DIVIDEND, EXCHANGE CONTROLS.

OBJECTIVE 4: TO CURB EXCESSIVE UNION POWER AND TO GIVE ORDINARY MEMBERS A SAY. ACHIEVEMENTS: RESISTANCE TO MINERS STRIKE: SUCCESS OF PROVISION OF BALLOTS BEFORE STRIKES: BRITAIN'S STRIKE RECORD BEST IN INDUSTRIALISED WORLD IN FIRST HALF OF 1985.

OBJECTIVE 5: TO END THE ERA OF CONFETTI MONEY. ACHIEVEMENT: FOUR SUCCESSIVE YEARS OF SINGLE DIGIT INFLATION: NOW LESS THAN HALF FIGURE INHERITED.

OBJECTIVE 6: TO REDUCE THE BURDEN OF DIRECT TAXATION. ACHIEVEMENTS: TAX FREE ALLOWANCES UP 20 PER CENT: INCOME TAX DOWN POUNDS STR 6 BILLION: CORPORATION TAX DOWN TO THE LOWEST IN INDUSTRIALISED WORLD.

OBJECTIVE 7: TO PUT THE FINANCING OF PUBLIC SERVICES ON TO A SOUND FOOTING. ACHIEVEMENTS INCLUDE: SUBSTANTIAL INCREASE IN NHS SPENDING WITH WAITING LISTS DOWN, MORE NURSES, DOCTORS AND DENTISTS AND MORE PATIENTS TREATED EVERY YEAR: INCREASES IN REAL VALUE OF MAIN SOCIAL SECURITY BENEFITS: RECORD PUPIL TEACHER RATIOS AND SPENDING PER PUPIL: SUBSTANTIAL INCREASE IN LAW AND ORDER SPENDING, INCLUDING 12,000 MORE POLICE AND 3,000 MORE PRISON OFFICERS: POLICE BETER PAID, BETTER EQUIPPED AND BETTER TRAINED.

OBJECTIVE 8: A STRONG BRITAIN. ACHIEVEMENTS INCLUDE: 29 PER CENT REAL INCREASE IN DEFENCE BUDGET: COMMITMENT TO FALKLANDS SUSTAINED: BRITAIN'S OVERSEAS DEBT DOUBLED UNDER 1974-79 GOVERN-

MENT HALVED UNDER THIS GOVERNMENT.

I HOPE THIS GIVES YOU SOME IDEAS.

THE PRIME MINISTER MAY ALSO LIKE TO SEE THE FINAL VERRSION OF THE PARAGRAPH ABOUT RESOURCES IN THE HOME SECRETARY'S STATEMENT. THIS IS AS FOLLOWS:

''THIS GOVERNMENT HAS DONE MORE TO MEET THE NEEDS OF THE POLICE THAN ANY IN RECENT HISTORY. SINCE 1979 THE METROPOLITAN POLICE HAS INCREASED IN STRENGTH BY NEARLY 4,500 OFFICERS: OTHER FORCES IN ENGLAND AND WALES ARE STRONGER BY A SIMILAR NUMBER. INCLUDING CIVILIANS, STRENGTH HAS INCREASED BY SOME 12,000. EVEN AFTER A RECENT WELCOME INTAKE OF RECRUITS THE METROPOLITAN POLICE STILL HAS SCOPE TO INCREASE STRENGTH BY ABOUT 300 WITHIN ITS PRESENT ESTABLISHMENT OF 27,165. I SUPPORT THE COMMISSIONER IN HIS EFFORTS TO MAKE GOOD THIS SHORTFALL AS QUICKLY AS POSSIBLE. THE FORCE'S REORGANISATION SHOULD, IN ADDITION, RELEASE 200 OFFICERS FOR OPERATIONAL DUTIES: AND I HAVE AUTHORISED AN INCREASE OF NEARLY 50 IN THE CIVIL STAFF CEILING NEXT YEAR FOR FURTHER CIVILIANISATION. FOLLOWING MY PREDECESSOR'S ANNOUNCEMENT IN JULY ON DRUGS, I HAVE TOLD THE COMMISSIONER THAT I AM PREPARED IN PRINCIPLE TO AGREE TO AN INCREASE OF 50 OFFICERS IN THE ESTABLISHMENT NEXT YEAR, SPECIFICALLY TO STRENGTHEN HIS EFFORTS AGAINST DRUG TRAFFICKING. TAKEN TOGETHER, THESE STEPS MEAN THAT THERE WILL BE A SUBSTANTIAL STRENGTHENING OF THE METROPOLITAN POLICE IN THE MONTHS AHEAD. BEYOND THAT I HAVE SET URGENT WORK IN HAND TO ASSESS WHERE THERE ARE SPECIFIC NEEDS FOR FURTHER INCREASES IN THE METROPOLITAN POLICE ESTABLISHMENT. I SHALL CONSIDER APPLICATIONS FROM PROVINCIAL POLICE AUTHORITIES ON THE SAME BASIS - NAMELY THAT THE POLICE SHOULD HAVE WHAT THEY NEED IN THE FIGHT AGAINST CRIME.''

THIS IS A CONSIDERABLE IMPROVEMENT ON THE FIRST VERRSION AND WHILE IT DID NOT ATTRACT MUCH ATTENTION IN THE HOUSE THIS AFTERNOON IT WILL PROVE A VERY USEFUL REFERENCE POINT. AS WILL HIS SUBSEQUENT

REMARK IN SUPPLEMENTARIES THAT ''THE ONLY TEST IS ONE OF NEED''.

MESSAGE ENDS.

HOWE
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CONFIDENTIAL

Passed to Pat

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

21 October 1985

David Norgrove Esq
10 Downing Street
London SW1

Dear David,

The Chancellor saw over the weekend Washington Telno 6 to Nassau setting out points which Sir Oliver Wright suggests the Prime Minister might raise with President Reagan at their meeting later this week.

The Chancellor endorses the thought in paragraphs 4-5 that it would be useful to express appreciation of the positive role which Secretary Baker has played in recent international meetings.

On debt (paragraph 5 of the telegram), although Secretary Baker's ideas for reinforcing the existing strategy have still to be developed in detail, he spoke at Seoul of three mutually reinforcing elements. As Oliver Wright suggests, he placed greatest emphasis on the adoption by major debtors of comprehensive macro-economic and structural policies to promote growth and balance of payments adjustment and to reduce inflation. His second theme was a continued central role for the IMF combined with increased and more effective structural adjustment lending by the multilateral development banks, in support of market oriented policies for growth. The third element was increased lending by private banks.

In the full text of his speech, Baker closely linked the third element, action by the commercial banks, to agreement of adjustment programmes and underlined the basic point that sound policies would themselves stimulate commercial lending. In the area of flows, he also spoke of the importance of foreign equity investment and repatriation of foreign capital.

Chch

There is much in the Baker initiative he would commend and indeed is in line with views we have ourselves emphasised for some time. A point on which the Chancellor feels, however, we need to be cautious - and he touched on this at Cabinet last week - is Baker's statement that he would "like to see the banking community make a pledge" to provide net new lending of a specified amount. G5 countries have in the past taken the view that judgements about such lending are for the banks themselves to make. If the authorities call in terms for a pledge this could be in conflict with their regulatory responsibilities; and more generally,in the event of a deterioration in repayment prospect - relating not only to new money, but earlier bank lending - could involve a worrying degree of moral hazard.

In short, while he sympathises with the objectives of Baker's proposals, and welcomes most of them, the Chancellor judges that the bank lending element needs to be handled with rather greater discretion than Baker has shown on this so far. He hopes that for that reason the Prime Minister would not give Baker's approach unqualified endorsement.

Yours ever

Rachel.

RACHEL LOMAX
Principal Private Secretary

PRIME MINISTER

cc: Mr. Powell
Mr. Ingham

DINNER WITH BANKERS ON WEDNESDAY, 23 OCTOBER: 1945 FOR 2000

The following will be attending the Dinner which Mr. (Frank) Kennedy, Consult General New York, is hosting in your honour:

Hon Paul Volcker	)	President, Federal Reserve Board
Alan Greenspan	)	Chairman and President, Townsend-Greenspan and Co. Inc.
Henry Kaufman	)	Vice Chairman, Phibro-Salomon Inc, and Executive Director, Saloman Brothers Inc
William T Knowles	)	Chairman and Chief Executive Officer, National Westminster Bank USA
John F McGillicudy	)	Chairman and Chief Executive Manufactures Hanover Corporation and Manufactures Hanover Trust Co.
Brian G Pearse	)	Chief Executive Officer for North America Barclays Bank International plc
William A Schreyer	)	Chairman and Chief Executive Officer, Merrill Lynch and Co Inc
Walter V Shipley	)	Chairman and Chief Executive Officer, Chemical New York Corporation and Chemical Bank
Alvin V Shoemaker	)	Chairman, First Boston Inc, and Chairman, The First Boston Corp.
Hon William E Simon	)	Chairman, Wesray Corporation and Chairman, Wesray Capital Corp.

Dennis Weatherstone) Chairman, Executive Committee and Director, J P Morgan & Co Inc and Morgan Guaranty Trust Co of New York

* Mr. Gerald Corrigan) President of the Federal Reserve Bank of New York

HM Ambassador (Sir Oliver Wright)

Mr. Nigel Wicks

HM Minister Economic (Mr. Tim Lankester)

* For pre-dinner drinks only, since he has to fly to Europe that evening.

Biographical details are at Flag A.

How do you wish the dinner to be conducted?

After the first course have a general discussion across the table? Or wait until coffee before beginning the discussion?

For the discussion I suggest that:

(i) You begin by outlining the progress and prospects for the British economy. A speaking note is at Flag B.# You might emphasise, besides the usual indicators of economic progress, the improvements in "social provision" - more nurses, doctors, etc. - improvements brought about despite the tough controls on public expenditure by insisting on better value for money. This should help counter the view put about in the US press that "the social fabric" in Britain is falling to pieces.

to come

(ii) You then turn the discussion to international and US economic prospects. Washington telegram at Flag C describe the current US economic scene and that at

/ Flag D

- Does the initiative do more than buy time - valuable in itself and not to be sneered at if debtor countries use the time to put their economic houses in order?

N.L.W.

Nigel Wicks

21 October 1985

18/2049.

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FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES.

PRIME MINISTER'S DINNER WITH US FINANCIERS:
OCTOBER 23. BIOGRAPHICAL NOTES ON GUESTS.

MIPT

(HON) PAUL A VOLCKER. BORN 1927. NEW JERSEY.
CHAIRMAN, FEDERAL RESERVE BOARD SINCE 1975.
BEGAN SECOND FOUR-YEAR TERM AS CHAIRMAN AUGUST 1983.
RECENTLY DECLINED NOMINATION FOR POST OF PRESIDENT IBRD.S
US TREASURY, 1962-65 AND 1969-74. VICE PRESIDENT, CHASE
MANHATTAN 1965-69.

(DR) ALAN GREENSPAN. BORN 1926.
CHAIRMAN AND PRESIDENT OF TOWNSEND-GREENSPAN SINCE 1977 AND FROM 1954-74. MEMBER OF PRESIDENT REAGAN'S ECONOMIC POLICY ADVISORY BOARD AND FOREIGN INTELLIGENCE ADVISORY BOARD. SENIOR ADVISER TO BROOKING PANEL ON ECONOMIC ACTIVITY AND ADJUNCT PROFESSOR OF ECONOMICS GRADUATE SCHOOL OF BUSINESS ADMINISTRATION, NEW YORK UNIVERSITY. SERVED AS CHAIRMAN OF GENERAL FORD'S COUNCIL OF ECONOMIC ADVISORS 1974-77.

(HON) WILLIAM E SIMON. BORN 1927, NEW JERSEY.
CHAIRMAN, WESRAY CORPORATION AND WESRAY CAPITAL CORPORATION. CHAIRMAN, PRESIDENT REAGAN'S PRODUCTIVITY COMMISSION. MEMBER PRESIDENT REAGAN'S ECONOMIC POLICY ADVISORY BOARD. DEPUTY-SECRETARY, US TREASURY DEPARTMENT, 1973-74. SECRETARY OF THE TREASURY, 1974-77.

(DR) HENRY KAUFMAN. BORN 1927.
VICE CHAIRMAN PHIBRO-SALOMON INC AND EXECUTIVE DIRECTOR OF SALOMON BROS INC. CHIEF ECONOMIST IN CHARGE OF SALOMON'S BOND MARKET RESEARCH, STOCK RESEARCH AND BOND PORTFOLIO ANALYSIS. BEFORE JOINING SALOMON'S IN 1962, SERVED AS ECONOMIST AT FEDERAL RESERVE BANK OF NEW YORK.

WILLIAM T KNOWLES. BORN 1936, NEW JERSEY.
CHAIRMAN OF BOARD AND CHIEF EXECUTIVE OFFICER OF NATIONAL WESTMINSTER BANK USA. JOINED NATWEST 1981. PREVIOUSLY EXECUTIVE VICE PRESIDENT BANKERS TRUST COMPANY.

JOHN F MCGILLICUDDY. BORN 1930, NEW YORK.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF MANUFACTURERS HANOVER CORPORATION AND MANUFACTURERS HANOVER TRUST COMPANY. ALSO CHAIRMAN OF THE BOARD OF MANUFACTURERS HANOVER LTD, THE LONDON-BASED MERCHANT BANK.
SERVED WITH MANUFACTURERS HANOVER SINCE GRADUATING FROM PRINCETON IN 1952. MANUFACTURERS HANOVER IS FOURTH LAGEST US BANK IN TERMS OF ASSETS.

BRIAN G PEARSE.
CHIEF EXECUTIVE OFFICER FOR NORTH AMERICA OF BARCLAYS BANK INTERNATIONAL SINCE 1983. SERVED IN VARIOUS POSTS WITH MARTINS BANK UNTIL THAT BANK MERGED WITH BARCLAYS IN 1969. A GENERAL MANAGER AND DIRECTOR OF BARCLAYS BANK UK 1977-82.

WILLIAM A SCHREYER. BORN 1928, PENNSYLVANIA.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF MERRILL LYNCH AND CO INC. JOINED MERRILL LYNCH AS JUNIOR EXECUTIVE TRAINEE IN 1948: APPOINTED PRESIDENT 1982, CHIEF EXECUTIVE OFFICER 1984 AND CHAIRMAN OF THE BOARD 1985.

WALTER V SHIPLEY. BORN 1935, NEW JERSEY.
CHAIRMAN AND CHIEF EXECUTIVE OFFICER OF CHEMICAL NEW YORK CORPORATION AND CHEMICAL BANK SINCE 1983. HEAD OF CHEMICAL BANK'S LONDON OFFICE FROM 1973-78. CHEMICAL BANK IS THE SIXTH LARGEST US BANK IN TERMS OF ASSETS.

ALVIN V SHOEMAKER. BORN 1938, PENNSYLVANIA.
CHAIRMAN OF THE BOARD OF FIRST BOSTON INC SINCE 1983. CHAIRMAN OF EXECUTIVE COMMITTEE 1981-83. PRESIDENT AND CHIEF EXECUTIVE OFFICER BLYTH, EASTMAN, PAINE WEBBER, 1978-81. VARIOUS POSTS WITH FIRST BOSTON FROM 1969-78. MEMBER BAR ASSOCIATIONS OF WASHINGTON DC AND PENNSYLVANIA.

DENNIS WEATHERSTONE. BORN 1930, ENGLAND.
CHAIRMAN OF EXECUTIVE COMMITTEE AND DIRECTOR OF J P MORGAN AND ITS BANKING SUBSIDIARY, MORGAN GUARANTY TRUST CO OF NEW YORK SINCE 1980. JOINED LONDON OFFICE OF MORGAN GUARANTY IN 1946.

E GERALD CORRIGAN. BORN 1941, CONNECTICUT.
PRESIDENT OF FEDERAL RESERVE BANK OF NEW YORK SINCE JANUARY 1985. PRESIDENT, MINNEAPOLIS FEDERAL RESERVE BANK, 1980-84. JOINED NEW YORK FED IN 1968.

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OF 182302Z OCTOBER 85
AND TO PRIORITY FCO AND CONSUL GENERAL NEW YORK

BRIEFING FOR PRIME MINISTER'S DINNER WITH BANKERS IN NEW YORK, 23 OCTOBER: THE US ECONOMY

1. PRESIDENT REAGAN'S QUOTE PROGRAMME FOR ECONOMIC RECOVERY UNQUOTE INITIATED IN FEBRUARY 1981 WAS BASED ON CUTS IN PERSONAL AND BUSINESS TAXES, DEREGULATION AND QUOTE SOUND MONETARY POLICY UNQUOTE AIMED AT REDUCING INFLATION. THIS PROGRAMME HAS SUCCEEDED IN STIMULATING INVESTMENT AND PRODUCTIVITY. REAL GROWTH IN GNP HAS AVERAGED OVER 5 PERCENT IN THE LAST TWO YEARS AND INFLATION IS CURRENTLY RUNNING AT AROUND 3 AND A HALF PERCENT. THE UNEMPLOYMENT RATE IS ONLY ABOUT 7 PERCFNT - DOWN FROM ITS PEAK OF 10 AND THREEQUARTERS PERCENT AT THE END OF 1982, LARGELY AS A RESULT OF THE ECONOMY'S ABILITY TO GENERATE 300,000 NEW JOBS PER MONTH.

2. SO FAR THIS YEAR, GROWTH HAS SLOWED DOWN CONSIDERABLY. REAL GNP GREW BY A LITTLE OVER ONE PERCENT AT A SEASONALLY ADJUSTED ANNUALISED RATE IN THE FIRST HALF, AND BY 3.3 PERCENT IN THE THIRD QUARTER. GROWTH FOR 1985 AS A WHOLE IS LIKELY TO BE AROUND 2 TO 2 AND A HALF PERCENT, WELL BELOW THE 4 PERCENT FIGURE ASSUMED BY THE COUNCIL OF ECONOMIC ADVISERS IN THEIR FEBRUARY REPORT TO CONGRESS. AND FEW COMMENTATORS NOW BELIEVE THAT THE 4 PERCENS RATE WILL BE ACHIEVED NEXT YEAR. NEVERTHELESS CONSUMER SPENDING AND CONFIDENCE IN THE ECONOMY - AS MEASURED, FOR EXAMPLE, BY CONSUMER SENTIMENT AND THE DOW JONES INDEX, NOW AT RECORD HEIGHTS

REMAINS GENERALLY STRONG.

3. THE ADMINISTRATION'S POLICY OF REDUCING TAXES, COMBINED WITH THEIR FAILURE TO CONTAIN SPENDING, HAS RESULTED IN FEDERAL DEFICITS OF AROUND THE 200 BILLION DOLLAR LEVEL IN FINANCIAL YEARS (FY) 1983, 1984 AND (ALMOST CERTAINLY) 1985. WITH MONETARY POLICY HGVING TO BEAR THE MAIN ROLE IN BRINGING DOWN INFLATION, THIS HAS MEANT HIGH NOMINAL AND REAL INTEREST RATES. ALTHOUGH NOMINAL RATES HAVE DECLINED SUBSTANTIALLY PROM THEIR PEAK IN 1981, REAL RATES REMAIN AT HISTORICALLY VERY HIGH LEVELS - OVER 4 PERCENT. BOTH SHORT AND LONG RATES HAVE MOVED LITTLE IN RECENT MONTHS, BUT THEY FIRMED SLIGHTLY FOLLOWING THE 22 SEPTEMBER MEETING OF G5 FINANCE MINISTERS.

THE DOLLAR AND PROTECTIONISM

4. THE HUGE FEDERAL DEFICITS AND CONSEQUENT HIGH INTEREST RATES HAVE BEEN THE MAIN CAUSE OF THE STRONG DOLLAR. SINCE THE G5 MEETING, THE DOLLAR HAS FALLEN BY 3 PERCENT AGAINST THE POUND, 10 AND A HALF PERCENT AGAINST THE YEN, AND 8 AND A HALF PERCENT AGAINST THE DM. THE DOLLAR'S EFFECTIVE RATE HAS FALLEN BY 6 PERCENT OVER THIS PERIOD BUT IS STILL SOME 40 PERCENT HIGHER THAN IN 1980. THE GENERAL VIEW OF US FOREIGN EXCHANGE DEALERS AND WALL STMEET AND WALL STREET FINANCIAL ANALYSTS, HOWEVER, IS THAT INTERVENTION ALONE WILL HAVE LITTLE LONG RUN EFFECT ON THE DOLLAR, UNLESS THE MAJOR STRUCTURAL IMBALANCES IN THE ECONOMY - AND PARTICULARLY THE BUDGET DEFICIT -ARE TACKLED.

5. THE US TRADE DEFICIT - EXPECTED TO BE IN THE DOLLARS 150 BN RANGE AGAIN THIS YEAR - CONTINUES TO GIVE RISE TO A GREAT DEAL OF CONCERN, ESPECIALLY IN CONGRESS. THE G5 MEETING AND THE SUBSEQUENT EASING OF THE DOLLAR - COUPLED WITH A TOUGHER AND HIGHER PROFILE ADMINISTRATION TRADE POLICY - HAVE TAKEN SOME OF THE IMMEDIATE HEAT OUT OF PROTECTIONIST PRESSURES. A BILL WHICH WOULD HAVE IMPOSED DRACONIAN CUTS IN TEXTILE IMPORTS, FOR EXAMPLE, NO LONGER HAS ENOUGH VOTES TO OVERRIDE A PRESIDENTIAL VETO, AND THE CONGRESSIONAL LEADERSHIPS OF BOTH PARTIES ARE BACKING OFF EARLIER PROPOSALS FOR IMPORT SURCHARGES ETC, AND FOCUSSING INSTEAD ON LESS CONTROVERSIAL PROPOSALS SUCQ AS TOUGHER MEASURES AGAINST ''UNFAIR TRADE''. BUT, EVEN ASSUMING THE DOLLAR'S FALL CONTINUES, IT WILL BE SOME TIME BEFORE IT IS REFLECTED IN THE TRADE FIGURES. CONCERN ABOUT THE POSITION OF US EXPORTING AND IMPORT SENSITIVE INDUSTRIES IS LIKELY TO REMAIN AT A HIGH LEVEL, AND THE ISSUE COULD STILL BE A VERY DIFFICULT ONE IN NEXT YEAR'S MID-TERM ELECTIONS.

MONETARY POLICY

6. AT ITS AUGUST MEETING, THE FEDERAL OPEN MARKET COMMITTEE (FOMC), CHAIRED BY VOLCKER, SET NEW INTERIM TARGETS FOR THE MONETARY AGGREGATES M1, M2 AND M3 FOR THE JUNE-SEPTEMBER PERIOD. ON THE BASIS OF THE LATEST DATA, HOWEVER, ALL THREE AGGREGATES ARE RUNNING AT ABOVE THEIR TARGETS. THE MAIN TARGET AGGREGATE, M1, CONTINUES TO GROW RAPIDLY - BY 11 PERCENT OVER THE PAST 12 MONTHS - LARGELY BECAUSE OF THE RELATIVELY ATTRACTIVE INTEREST RATES PAID ON NOW (NEGOTIABLE ORDER OF WITHDRAWAL) ACCOUNTS (WHICH ARE INCLUDED IN M1). THE FED HAVE ARGUED THAT THE NORMAL RELA-IONSHIP BETWEEN M1 AND GNP HAS BROKEN DOWN, PARTLY BECAUSE OF THESE INTEREST RATE EFFECTS, AND FOR THE MOMENT AT LEAST ARE CHOOSING TO TURN A BLIND EYE TO THE OVER-RUN. THERE IS LITTLE SIGN, SO FAR, THAT THE RAPID MONETARY GROWTH IS FEEDING THROUGH TO INFLATION. PRODUCER PRICES FELL IN AUGUST, COMMODITY PRICES (PARTICULARLY OIL) ARE WEAK, AND THERE IS NO SIGN OF A WAGES EXPLOSION. AS A RESULT, MOST ANALYSTS EXPECT INFLATION, CURRENTLY RUNNING AT ABOUT 3 AND A HALF PERCENT AT AN ANNUAL RATE, TO KEEP FALLING.

Aswell £n3

7. MARKET ANALYSTS ARE SHARPLY DIVIDED ABOUT THE LIKELY FUTURE COURSE OF INTEREST RATES. SOME FEEL THAT ONE EFFECT OF THE G5 AGREEMENT WILL BE TO PREVENT THE FED FROM RAISING INTEREST RATES, BUT VOLCKER HAS DENIED THIS. THERE IS GENERAL AGREEMENT THAT THE DIRECTION OF THE CHANGE DEPENDS PRINCIPALLY UPON THE COURSE OF THE REAL ECONOMY AND THE EXCHANGE RATE, NOT ON WHAT HAPPENS TO ANY OF THE MONETARY AGGREGATES.

FISCAL POLICY AND TAXATION

~~8. AS REPORTED IN OUR TELNO 2848 OF 11 OCTOBER, A JOINT (CONFERENCE) COMMITTEE OF THE HOUSE AND SENATE IS CURRENTLY~~

8. AS REPORTED IN OUR TELNO 2848 OF 11 OCTOBER, A JOINT (CONFERENCE) COMMITTEE OF THE HOUSE AND SENATE IS CURRENTLY CONSIDPRING A PROPOSAL (THE GRAMM-RUDMAN AMENDMENT) WHICH WOULD REDUCE THE BUDGET DEFICIT BY DOLLARS 36 BN A YEAR TO ZERO BY FY91. ALTHOUGH THERE IS CONSIDERABLE SUPPORT FROM BOTH PARTIES FOR THIS PROPOSAL, AND THE CHANCES OF THE AMENDMENT PASSING CONGRESS IN SOME FORM OR OTHER ARE HIGH, IT IS LIKELY TO REQUIRE CONSIDERABLE FURTHER DISCUSSION IN CONGRESS. MANY COMMENTATORS ARE SCEPTICAL THAT THE PROPOSAL - IF IMPLEMENTED -

WOULD WORK IN THE WAY INTENDED. IT WOULD BE AN EXTREMELY BLUNT INSTRUMENT, APPLYING AUTOMATIC CUTS TO EXPENDITURE REGARDLESS OF ECONOMIC CIRCUMSTANCES (DEMOCRATS ARE LIKELY TO PRESS FOR A RECESSION LET-OUT). CUTS WOULD BE SWINGEING IN SOME AREAS BUT LARGE PARTS OF EXPENDITURE (MOST OF SOCIAL SECURITY, FOR EXAMPLE) WOULD BE EXEMPTED.

9. THE PRESIDENT HAS SUPPORTED THE PROPOSAL AS LONG AS THE NECESSARY SAVINGS ARE ACHIEVED BY CUTTING SPENDING, NOT RAISING TAXES, AND WITHOUT REDUCING DEFENCE APPROPRIATIONS.

10. WORK ON THE GRAMM-RUDMAN AMENDMENT WILL SLOW DOWN PROGRESS ON CONSIDERATION OF THE TAX REFORM PROPOSALS, CURRENTLY BEFORE THE HOUSE WAYS AND MEANS COMMITTEE. LEGISLATION ON TAX REFORM IS NOW EXTREMELY UNLIKELY TO EMERGE THIS YEAR. THE PROPOSALS ARE CONTROVERSIAL AND HAVE RELATIVELY LITTLE SUPPORT IN CONGRESS, DESPITE THE PRESIDENT'S ADVOCACY. IF ENACTED IN FULL THEY WOULD INVOLVE A MAJOR SIMPLIFICATION OF THE TAX SYSTEM, THE [illegible] ABOLITION OF MANY TAX BREAKS, A REDUCTION IN MARGINAL TAX RATES, AND A SWITCH IN THE TAX BURDEN FROM PERSONS TO THE CORPORATE SECTOR.

UNITARY TAX

11. FOLLOWING THE BREAKDOWN OF THE LEGISLATIVE EFFORT IN CALIFORNIA LAST MONTH, WE HAVE BEEN PRESSING THE ADMINISTRATION TO COME UP WITH PROPOSALS FOR FEDERAL ACTION TO DEAL WITH THE UNITARY TAX PROBLEM. THE CHANCELLOR AND SECRETARY BAKER HAVE BEEN IN CONTACT ON THE SUBJECT. OTHER COUNTRIES AND LEADING US MULTINATIONAL CORPORATIONS HAVE ALSO BEEN URGING FEDERAL ACTION. BAKER HAS EXPRESSED CONSIDERABLE CONCERN ABOUT THE SITUATION AND IS CLEARLY WORRIED ABOUT THE PROSPECT THAT PRESSURES TO IMPLEMENT THE RETALIATORY PROVISIONS IN SECTION 54 OF FINANCE ACT 1985 WILL BUILD UP STRONGLY WHEN PARLIAMENT RESUMES NEXT WEEK. HE HAS PROMISED AN EARLY STATEMENT OF THE ADMINISTRATION'S INTENTIONS. BEFORE MAKING HIS STATEMENT, WE UNDERSTAND THAT BAKER WILL BE DISCUSSING THE OPTIONS WITH PRESIDENT REAGAN AND, IF THE OPPORTUNITY ARISES, IT WOULD BE HELPFUL IF THE PRIME MINISTER WOULD EMPHASISE THE STRENGTH OF FEELING IN THE UK ON THIS ISSUE AND THE NEED FOR EARLY US ACTION TO HEAD OFF RETALIATORY PRESSURE.

12. FCO PLEASE ADVANCE TO FITCHEW (TREASURY), TAIT (ERD), BROADBENT (EA) AND GREEN (BANK).

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TELNO 3
OF 182304Z OCTOBER 85
AND TO PRIORITTH FCO AND CONSUL GENERAL NEW YORK.

BRIEFING FOR PRIME MINISTER'S DINNER WITH BANKERS IN NEW YORK, 23 OCTOBER: US INITIATIVE ON DEBT

1. BAKER'S PLENARY SPEECH IN SEOUL SET OUT THE US PROPOSALS ON DEBT. HE CALLED FOR A QUOTE PROGRAMME FOR SUSTAINED GROWTH UNQUOTE INCORPORATING THREE MUTUALLY REINFORCING ELEMENTS:
(I) THE ADOPTION BY THE DEBTOR COUNTRIES OF COMPREHENSIVE POLICIES TO PROMOTE GROWTH AND BALANCE OF PAYMENTS ADJUSTMENT AND TO REDUCE INFLATION.
(II) A CONTINUED CENTRAL ROLE FOR THE IMF, ALONG WITH INCREASED AND MORE EFFECTIVE STRUCTURAL ADJUSTMENT LENDING BY THE MULTILATERAL DEVELOPMENT BANKS.
(III) INCREASED LENDING BY THE PRIVATE BANKS IN SUPPORT OF ECONOMIC ADJUSTMENT PROGRAMMES.
2. THESE THREE ELEMENTS, AS BAKER EMPHASISED, ARE TO A LARGE EXTENT A CONTINUATION OF THE EXISTING DEBT STRATEGY. THE CASE-BY-CASE APPROACH IS TO BE CONTINUED. THE CRITICAL ELEMENT WILL CONTINUE TO BE DEBTOR COUNTRIES' OWN ADJUSTMENT EFFORTS. THE IMF'S ROLE IS TO REMAIN CENTRAL. AND THE COMMERCIAL BANKS WILL CONTINUE TO LEND BASED ON THEIR OWN ASSESSMENT OF RISKS AND WHETHER COUNTRIES HAVE ADOPTED ADEQUATE POLICIES.

3. BUT BAKER HAS SOUGHT TO STRENGTHEN THE STRATEGY IN THE FOLLOWING WAYS:

(I) MORE EMPHASIS ON GROWTH IN THE DEBTOR COUNTRIES AND ON POLICIES TO ACHIEVE IT (E.G. MORE ATTENTION TO MARKETS, PRIVATISATION, BETTER ATTITUDES TO FOREIGN EQUITY) SO THAT COUNTRIES IMPROVE THEIR ABILITY TO REPAY.

(II) FIFTY PERCENT INCREASE IN LENDING TO THE 15 PRINCIPALUDEBTORS BY THE MULTILATERAL DEVELOPMENT BANKS, MAINLY THE IBRD - I.E. ADDITIONAL DOLLARS 9 BILLION OVER THE NEXT THREE YEARS. THIS SHOULD SUPPORT POLICY REFORM AND ACT AS A CATALYST FOR ADDITIONAL COMMERCIAL BANK LENDING. BAKER GAVE QUALIFIED SUPPORT FOR A GENERAL CAPITAL INCREASE FOR THE IBRD IN DUE COURSE.

(III) A CALL ON THE COMMERCIAL BANKS IN THEIR OWN INTERESTS TO INCREASE THEIR LENDING TO THE FIFTEEN MAIN DEBTORS BY DOLLARS 20 BILLION OVER THE NEXT THREE YEARS (2 TO 3 PERCENT INCREASE PER ANNUM IN THEIR EXPOSURE TO THESE COUNTRIES). WHILE THE EXTRA LENDING WOULD HAVE TO BE CONDITIONAL UPON ADEQUATE POLICIES BEING IN PLACE, BAKER ASKED THE BANKS TO MAKE A PUBLIC PLEDGE FOR THIS AMOUNT9

(IV) SUPPORT FOR THE VERY POOREST COUNTRIES WITH SERIOUS BALANCE OF PAYMENTS PROBLEMS (MAINLY SUB-SAHARAN AFRICA) BY ALLOCATING TO THEM ON HIGHLY CONCESSIONAL TERMS THE DOLLARS 2.7 BILLION AVAILABLT FROM THE IMF TRUST FUND OVER THE NEXT 5 YEARS PROVIDED SUCH COUNTRIES ADOPT PROPER POLICIES.

4. THERE IS ENOUGH NEW IN ALL THIS TO INDICATE A CHANGE IN US ATTITUDE - A HEIGHTENED CONCERN THAT WITHOUT BETTER ECONOMIC PERFORMANCE AND INCREASED FINANCIAL FLOWS THE DEBTORS WILL BE UNWILLING TO MEET THEIR DEBTS OR UNABLE TO DO SO WITHOUT SERIOUS POLITICAL AND SOCIAL DISRUPTION. MOST OF THE MAIN PLAYERS HERE HAVE SUPPORTED THIS CHANGE. MCFARLANE AND SHULTZ ARE CONCERNED THAT SEVERAL YEARS OF AUSTERITY HAVE ADDED TO POLITICAL DANGERS SOUTH OF THE RIO GRANDE. VOLCKER HAS BECOME MORE CONCERNED ABOUT THE US BANKS: HE SEEMS DEEPLY PESSIMISTIC ABOUT THE LIKELIHOOD OF THE BANKS GETTING THEIR LOANS BACK UNLESS THEY QUOTE PROTECT UNQUOTE THEIR INVESTMENTS BY PUTTING IN SOME NEW MONEY. (IN 1985 NEW LENDING BY THE US BANKS TO THE MAIN DEBTORS IS LIKELY TO BE ZERO OR NEGATIVE.) AS ON THE DOLLAR EXCHANGE RATE ISSUE, BAKER HAS BEEN MORE WILLING THAN WAS HIS PREDECESSOR TO LOOK AT THE DEBT PROBLEM AFRESH AND TO TAKE A MORE PRAGMATIC VIEW. HE HAS ALSO MANAGED TO PERSUADE THE PRESIDENT OF THE NEED FOR SOME CHANGE, NOTWITHSTANDING OPPOSITION FROM REGAN. AND THE BANKS THEMSELVES HAVE BEEN PRESSING FOR SOME NEW INITIATIVE.

5. THE RESPONSE TO THESE PROPOSALS IN SEOUL WAS GENERALLY POSITIVE. THE INDUSTRIALISED COUNTRIES, INCLUDING THE UK, PARTICULARLY WELCOMED THE GREATER ROLE ENVISAGED FOR THE IBRD. THERE WAS SUPPORT IN PRINCIPLE FOR MORE LENDING BY COMMERCIAL BANKS BUT VERY MUCH ON THE BASIS THAT THIS SHOULD COME ABOUT THROUGH IMPROVED CONFIDENCE IN DEBTOR COUNTRIES' POLICIES AND NOT (NOT) THROUGH GOVERNMENT ARM-TWISTING. THERE WAS SCEPTICISM ABOUT THE IDEA OF A PUBLIC PLEDGE BY THE BANKS. THE DEVELOPING COUNTRIES SEEMED HEARTENED BY THE PROPOSALS THOUGH SOME INEVITABLY SAID THAT MORE WAS NEEDED BY WAY OF FINANCIAL FLOWS.

6. THE REACTION OF THE BANKS IN SEOUL WAS MIXED. THE BIG US BANKS WERE GENERALLY SUPPORTIVE. THOUGH THEY WOULD NO DOUBT HAVE PREFERRED IT IF CREDITOR GOVERNMENTS WERE TO PLAY A BIGGER ROLE, THEY SEEMED TO TAKE SOME COMFORT FROM THE FACT THAT THE TWO TO THREE PERCENT PER ANNUM INCREASE IN EXPOSURE BEING CALLED FOR IS A GOOD DEAL LESS THAN THE LIKELY GROWTH IN THEIR BALANCE SHEETS AND CAPITAL. THE EUROPEAN BANKS WERE MORE RESERVED, THOUGH LLOYDS* AND MIDLAND* GAVE QUITE A FAVOURABLE RESPONSE.

* The 2 UK Banks with the most difficult LDC Loan portfolios

7. A NUMBER OF QUESTIONS REMAIN, INCLUDING:

(I) WHETHER THE DEBTOR COUNTRIES WILL ADOPT BETTER POLICIES.

(II) WHETHER IBRD HAVE THE STAFF AND MANAGEMENT CAPACITY FOR IT TO EXPAND ITS LENDING PROGRAMME RAPIDLY WITHOUT LOSS OF QUALITY. (CLAUSEN HAS ANNOUNCED HIS RESIGNATION BUT WILL CONTINUE UNTIL NEXT JUNE. THE US HAVE NOT YET NOMCNATED A SUCCESSOR - VOLCKER HAS VIRTUALLY RULED HIMSELF OUT OF THE RUNNING).

(III) HOW TO RECONCILE BAKER'S CALL FOR NEW COMMERCIAL BANK LENDING TO THE PRINCIPAL DEBTORS WITH THE CAUTIOUS APPROACH TO SUCH LENDING ADOPTED BY BANK REGULATORS. (BAKER AND VOLCKER HAVE IMPLIED THAT REGULATORS MAY NEED TO TAKE A MORE RELAXED VIEW).

(IV) HOW TO AVOID ANY POSSIBLE IMPLICATION, THAT, IF THE BANKS RESPOND TO BAKER'S CALL FOR MORE LENDING, CENTRAL BANKS WILL STAND BEHIND THEM IF THE LOANS GO WRONG. (VOLCKER SEEMS LESS CONCERNED ON THIS SCORE THAN WE MIGHT BE).

(V) HOW THE EXTRA DOLLARS 20 BILLION OF COMMERCIAL BANK LENDING IS TO BE BROUGHT ABOUT.

8. ON THIS LAST POINT, BAKER HAS ASKED FOR SUGGESTIONS FROM THE BANKING COMMUNITY. ONE IDEA MENTIONED BY DARMAN (BAKER'S NO 2) IS FOR A QUOTE SUPERBANK UNQUOTE TO BE CREATED TO DISBERSE COMMERCIAL BANK LOANS. BUT NO-ONE HERE SEEMS TO HAVE ANY CLEAR IDEAS AS TO HOW THIS MIGHT WORK.

9. BAKER AND VOLCKER HELD A MEETING WITH THE TOP 25 US BANKS ON 17 OCTOBER. THE BANKS WERE APPARENTLY REASONABLY DISPOSED TO THE IDEA OF SOME ADDITIONAL LENDING, BUT (UNDERSTANDABLY) PUZZLED THAT THE ADMINISTRATION HAD NOT THOUGHT THROUGH THE MODALITIES. NOTHING CONCRETE EMERGED (AND THERE WAS NO MENTION OF THE QUOTE SUPERBANK UNQUOTE).

10. THE AMERICAN BANKING ASSOCIATION MEET THIS WEEKEND IN NEW ORLEANS WHERE ALL THIS WILL BE DISCUSSED FURTHER: AND THERE IS TO BE A MEETING OF SOME 60 BANKS, INCLUDING EUROPEAN, IN WASHINGTON ON 28 OCTOBER.

11. FCO PLEASE ADVANCE TO LITTLER (TREASURY, PS/GOVERNOR (BANK), TAIT (ERD) AND TICKELL (ODA).

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SECRET
OO CHOGM
FM WASHI TO CHOGM
182300Z OCT
GRS 150

SECRET
DEDIP
FROM WASHINGTON
TO IMMEDIATE UKDEL NASSAU (PERSONAL FOR PS/PRIME MINISTER)
TELNO 1
OF 182300Z OCTOBER 85

BRIEFING FOR DINNER WITH FINANCIERS IN NEW YORK ON 23 OCTOBER:
G5 INTERVENTION SINCE 22 SEPTEMBER

1 I HAVE SENT YOU A SEPARATE TELEGRAM ON THE US ECONOMY. IN VIEW OF VOLCKER'S ATTENDANCE AT THE DINNER, THE PRIME MINISTER MAY LIKE TO HAVE ALSO INFORMATION ON INTERVENTION BY THE G5 SINCE 22 SEPTEMBER. (THIS OF COURSE IS HIGHLY SENSITIVE AND WILL NOT BE KNOWN TO OTHERS AT THE DINNER.)

2 I UNDERSTAND FROM LONDON THAT THE TOTAL INTERVENTION BY THE G5 SINCE 22 SEPTEMBER HAS BEEN ABOUT DOLLARS 7 BILLION - RATHER MORE THAN MARKET ANALYSTS HERE HAVE ESTIMATED. AFTER SOME APPARENT HESITATION AT FIRST, THE FED HAS CONTRIBUTED ITS AGREED SHARE, AS HAVE THE UK, FRANCE AND JAPAN. ONLY THE GERMANS HAVE, TO DATE, DONE LESS THAN THEIR SHARE.

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ORWBAN 3071
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2.

BRITISH EMBASSY,
WASHINGTON, D.C.

18 October 1985

CDR 23 10

The Hon D A Gore-Booth
UKMIS
NEW YORK

Dear David,

MIS-DIRECTED TELEGRAMS FOR THE PRIME MINISTER'S PARTY NEXT WEEK

1. I have told the FCO that I have retransmitted to you their tel No 409 to Tokyo, and that you have kindly agreed to take the action requested in its para 3.

2. I have also discussed with the Office the handling of the enclosed codeword telegram No 551 to Bonn, the final paragraph of which also calls for action in New York. I was asked not to have it retransmitted, and to ask you not to retain any copies in the Mission; but it has been agreed that the objective geographical facts of the situation make it desirable that you, rather than I, should try to carry out the required action!

Yours ever,
John Kerr.

J O Kerr

cc: Miss A J K Bailes
Planning Staff
FCO

DEDIP BURNING BUSH
FM FCO
TO IMMEDIATE BONN
TELNO 551
OF 171730Z OCTOBER 85
AND TO IMMEDIATE WASHINGTON
INFO IMMEDIATE PARIS, ROUTINE UKDEL NATO

(309) 29X

UKDEL NATO TELNO 259: QUADRIPARTITE DISCUSSION OF SUMMIT SEVEN FOLLOW-UP

1 AS REPORTED IN TUR, THE FRG POLITICAL DIRECTOR HAS SUGGESTED AN EARLY MEETING OF SUMMIT SEVEN TERRORISM EXPERTS TO DISCUSS WHETHER THE SCOPE OF PREVIOUS SUMMIT DECLARATIONS HAS BEEN EXHAUSTED: WHETHER THE FULL RANGE OF NEW TERRORIST THREATS CAN BE COVERED UNDER EXISTING MANDATES: AND WHETHER ANY EXTENSION OF MANDATE SHOULD BE PROPOSED TO THE TOKYO SUMMIT NEXT MAY.
VON BRAUNMUEHL ALSO PROPOSED THAT DRUGS EXPERTS SHOULD MEET AGAIN IN LATE NOVEMBER OR EARLY DECEMBER TO REVIEW NATIONAL ACTION IN PURSUIT OF THE EXISTING EXPERTS' REPORT AND TO CONSIDER ANY RECOMMENDATIONS TO THE TOKYO SUMMIT FOR FURTHER COOPERATION BY THE SEVEN. ON AFRICA, VON BRAUNMUEHL ARGUED IT WOULD BE USEFUL FOR EXPERTS SIMILARLY TO MEET AND REVIEW FOLLOW-UP ACTION BY GOVERNMENTS QUOTE BEFORE THE JAPANESE TOOK OVER UNQOTE.

2 (FOR BONN) PLEASE TELL VON BRAUNMUEHL THAT UK EXPERTS WOULD BE GLAD TO ATTEND AN EARLY MEETING ON TERRORISM REPEAT TERRORISM TO ADDRESS THE QUESTIONS HE SUGGESTED. WE THINK IT IMPORTANT, HOWEVER, THAT THE FRENCH SHOULD BE COMMITTED IN ADVANCE TO PARTICIPATING. WE PRESUME THE FRG WILL PURSUE THIS WITH THEM BILATERALLY IN THE FIRST INSTANCE. IF AS VON BRAUNMUEHL SUGGESTED IN BRUSSELS IT MAKES IT EASIER FOR THE FRENCH TO ATTEND IF IT IS CALLED ON AD HOC MEETING RATHER THAN A SUMMIT SEVEN EXPERTS' MEETING, THIS WOULD SEEM SENSIBLE: BUT IN THAT CASE IT

/MUST

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MR BAND

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MUST BE CLEARLY UNDERSTOOD BY ALL THAT ANY CONCLUSIONS EMERGING WOULD BE FED INTO THE NORMAL SUPERIOR SUMMIT FORA (SHERPAS AND/OR HEADS OF GOVERNMENT).

3 PLEASE ALSO SAY TO VON BRAUNMUEHL THAT HIS SUGGESTIONS FOR FURTHER MEETINGS OF DRUGS AND AFRICA EXPERTS SEEM TO US TO RAISE RATHER DIFFERENT PROCEDURAL ISSUES, GIVEN THAT THERE IS NO SPECIFIC MANDATE FROM HEADS OF GOVERNMENT FOR SUCH FURTHER MEETINGS AFTER SEPTEMBER. WE WOULD, THEREFORE, LIKE AN OPPORTUNITY TO CONSULT THE PRIME MINISTER'S PERSONAL REPRESENTATIVE, SIR R ARMSTRONG, BEFORE OFFERING A SUBSTANTIVE RESPONSE AND - GIVEN HIS ATTENDANCE AT CHOGM - WILL NOT BE ABLE TO DO SO UNTIL THE MIDDLE OF NEXT WEEK. WE SHALL LET CLOSE ALLIES KNOW OUR POSITION AS SOON AS POSSIBLE AFTER THAT. MEANWHILE, CAN WE ASSUME THAT VON BRAUNMUEHL'S PROPOSALS WERE CLEARED WITH THE FEDERAL GERMAN PERSONAL REPRESENTATIVE (TIETMEYER)? THE FIRST PERSONAL REPRESENTATIVES' MEETING UNDER JAPANESE CHAIRMANSHIP WILL START IN KYOTO ON 21 NOVEMBER. WE ASSUME THAT THEREAFTER ANY EXPERTS' MEETINGS WOULD BE CHAIRED BY THE JAPANESE, UNLESS DIFFERENT ARRANGEMENTS HAVE BEEN APPROVED BY THEM AND AGREED WITH OTHERS IN ADVANCE.

4 (FOR WASHINGTON) PLEASE PASS THIS TEL TO SIR R ARMSTRONG AND PUS ON ARRIVAL. THOMAS WILL BE WRITING TO SIR R ARMSTRONG ON THE MATTER IN LONDON NEXT WEEK.

HOWE

To go in Box with Peter for CDP.

Foreign and Commonwealth Office

London SW1A 2AH

18 October 1985

CDP 437 x.

Dear Charles,

Prime Minister's Visit to New York: UN 40th Anniversary Declaration

The Commemorative Session of the General Assembly on the afternoon of 24 October is due to adopt a Fortieth Anniversary declaration in honour of the occasion. Drafting of this declaration is continuing in New York. I enclose the latest version as it stood on 17 October. It is an eminently forgettable piece of UNspeak, but its content is very largely harmless. Our mission are still trying to get the text shortened and improved, but they doubt whether the final version will differ much from this one.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
Prime Minister's Party at CHOGM

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Rev.I

Draft Declaration on the occasion of the Fortieth Anniversary of the United Nations

The General Assembly adopts the following Declaration on the occasion of the Fortieth Anniversary of the United Nations:

We, the representatives of the States Members of the United Nations, assembled at United Nations Headquarters on the occasion of the fortieth anniversary of the entry into force of the Charter of the United Nations,

Convinced that the participation of so many Heads of State or Government and leaders from different parts of the world reflects the high hopes which the peoples of the world continue to repose in the United Nations,

Having considered the experience of the forty years since the founding of the Organisation,

Having noted the overwhelming sentiment of all humanity in favour of peace, freedom, justice, equality, independence, human rights, disarmament and development,

Faithful to the theme of the fortieth anniversary, "United Nations for a better world",

Do solemnly declare as follows:

1. On this historic occasion we recall that on the conclusion of World War II, "the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind", had established the United Nations Organisation. During these forty years the United Nations has made an invaluable contribution to the pursuit of the objectives which inspired its founders and which reflect the most cherished ideals

of humanity. It has helped prevent another global war and has been of vital importance to the peace and well-being of the world.

2. Cooperative international action within the framework of the United Nations system embraces virtually every aspect of human endeavour. Significant progress has been achieved in many fields.

3. The contribution of the United Nations to the process of decolonisation has been particularly valuable. The Organisation has been an untiring advocate of national liberation and has promoted the exercise of self-determination bringing freedom and independence to many formerly subject peoples. The number of independent and sovereign states in the Organisation has grown from 51 to 159, bringing it closer to its goal of universality.

4. The work done by the United Nations System, including its various organs, bodies and specilised agencies, has greatly contributed to broadening the human horizon and to deepening understanding, to relieving human suffering, to saving and protecting millions of human beings from death, deprivation and disease, and to improving the quality of life on this planet.

5. International assistance and support as well as tranfer of technology through the United Nations system have been an essential input in the continuing struggle by the peoples of the developing countries against poverty and all its attendant ills. For millions of disadvantages peoples, refugees, victims of natural disasters, children and mothers, such help has brought the rich gift of life itself.

6. The United Nations has been playing a significant role in the codification as well as the progressive development of international law. More has been done to bring about a world order based on law in the past forty years than during the entire previous history of humanity.

7. The utility and indeed the indispensability of the United Nations as a forum for negotiations for the benefit of all humanity, is testified by the adoption, over the years, of significant documents which have laid down a better frame-work for peaceful international cooperation in the political, economic, social, humanitarian and other fields.

8. Progress has been achieved in peace-making, peace-keeping, in the promotion of human rights, in enhancing international awareness of the need for disarmament and cooperation for development, as well as in other areas.

9. However, despite the achievements and some positive trends in the world of today, 40 years after the UN Charter entered into force, its purposes largely remain unrealised and its principles and provisions are not being fully or universally respected. We live at a time of tension and anxiety, in which the survival of mankind is threatened by the risk of nuclear war. The international situation continues to be characterised by confrontation and conflicts, acts of aggression, intervention and interference, the threat or use of force, infringements of human rights and fundamental freedoms and the principle of self-determination, and by the grave economic and social problems being faced by the developing countries.

10. The purposes and principles of the UN Charter remain our beacon and inspiration. We hereby reaffirm their validity, re-emphasise the need for their unswerving observance, and reiterate our commitment to respect them in their entirety and without reservation both in the letter and in the spirit.

11. We renew our undertaking to fulfil in good faith our obligations arising from the Charter, as well as from treaties and other sources of international law. We reiterate our determination to promote the rule of law in international affairs.

12. We express our firm resolve to promote and strengthen

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friendly relations between all states on the basis of sovereign equality and in a spirit of good neighbourliness, irrespective of their political, economic or social systems. We recognize the sovereign right of every state to choose its economic and social systems in accordance with the will of its people and without external interference.

13. The maintenance of international peace and security is a common concern of all countries and a vital purpose of the United Nations. We resolve to give full effect to the principles of respect for the sovereignty, independence and territorial integrity of states. We condemn the threat or use of force and acts of interference or intervention in violation of the principles of the Charter. We shall resort to peaceful means for achieving the settlement of international disputes.

14. International peace and security can only be ensured through general and complete disarmament, especially nuclear disarmament, under effective international control. The arms race must be arrested and reversed through genuine measures of nuclear disarmament. Outer space must be preserved for peaceful uses. The world can either continue to underwrite the enormous cost of an unprecedented arms race or employ more fully its material and human resources for the social and economic development of mankind; it certainly cannot do both. We urge that the resources released through disarmament be channelled to development programmes.

15. The crisis which has afflicted the world economy in recent years has had a devastating impact on the economies of developing countries. We live in an interdependent world and recognise the mutuality of our interest in promoting growth and development. All people must have access to the basic requirements of life through a system of just and democratic international economic relations and arrangements which are more responsive to the needs of all. We call for a restructuring of the existing international economic order. Issues of money and finance, debt, trade, food and agriculture and other

key areas should be discussed in their inter-relationship. We fully reaffirm our faith in the United Nations as a means of reaching agreements on measures to promote and strengthen international economic cooperation for mutual benefit.

16. The new frontiers opened by scientific and technological programmes require enhanced international cooperation. Our Organisation has an important role to play in this field, so that the results of scientific and technological programmes may be shared equitably and may contribute to the acceleration of economic development throughout the world.

17. We reaffirm the inalienable rights of all peoples under colonial domination and foreign occupation to self-determination, freedom and independence. The Namibian people shall be enabled to accede without delay to independence in accordance with the relevant decisions of the United Nations.

18. We reaffirm our determination to spare no efforts, including support to those who struggle against it, in accordance with the letter and the spirit of the Charter, to secure the total elimination of apartheid in South Africa. Apartheid cannot be reformed; it must be eradicated. We also condemn all forms of racism, and discrimination wherever they occur.

19. We are concerned with the continuing denial of the right to self-determination of the Palestinian people. We shall work for the resolution of the Middle East problem and the question of Palestine through a comprehensive, just and lasting settlement.

20. We recognise that respect for the dignity and worth of the human person is, and must be, a basic element in the shaping of a decent and just world. We hereby dedicate ourselves to the promotion of human rights and fundamental freedoms and the rights of peoples in accordance with the Universal Declaration of Human Rights and the International Covenants of Human Rights. We rededicate ourselves also to the humanitarian

alleviation of the tragedies and disasters of our time.

21. Recognizing that the safety and welfare of the children is a investment in the future of all mankind, all countries have a sacred duty to ensure that children grow in body and in mind. We call for the full implementation of the world-wide programme of universal immunisation of children by the year 1990.

22. This year also marks the International Youth Year. We hope that young people all over the world - the leaders of the 21st century - will inherit the spirit of the UN Charter, strengthen friendship and solidarity among themselves, and exercise their utmost efforts in the cause of peace and development.

23. We undertake to work practically and effectively to strengthen and enhance the role and effectiveness of the UN. The reports of the Secretary General on the work of the organisation have provided valuable insights in this respect.

24. We declare that an efficient and impartial Secretariat, dedicated to the interests of the Organisation, headed by the Secretary General, is essential to the realisation of the aims of the Charter and to the effective performance of the United Nations.

25. The General Assembly represents the universality of its membership. We emphasize its importance. We look forward to the Organisation attaining the goal of complete universality.

26. We reaffirm also the importance of the particular responsibilities conferred upon the Security Council and on the Secretary-General by the UN Charter.

27. We resolve to work together for world peace and human progress and in resolving global problems of a political, economic, social, cultural or humanitarian character. Multilateral cooperation within the framework of the United

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Nations remains the most appropriate means for the pursuit of our shared objectives which flow from our fellowship as members of the human race.

28. We recognise our collective responsibility for the future of our people. We pledge to work together, in the spirit of the Charter, in the United Nations "for a better world".

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Rev.1

Draft Declaration on the occasion of the Fortieth Anniversary of the United Nations

The General Assembly adopts the following Declaration on the occasion of the Fortieth Anniversary of the United Nations:

We, the representatives of the States Members of the United Nations, assembled at United Nations Headquarters on the occasion of the fortieth anniversary of the entry into force of the Charter of the United Nations,

Convinced that the participation of so many Heads of State or Government and leaders from different parts of the world reflects the high hopes which the peoples of the world continue to repose in the United Nations,

Having considered the experience of the forty years since the founding of the Organisation,

Having noted the overwhelming sentiment of all humanity in favour of peace, freedom, justice, equality, independence, human rights, disarmament and development,

Faithful to the theme of the fortieth anniversary, "United Nations for a better world",

Do solemnly declare as follows:

1. On this historic occasion we recall that on the conclusion of World War II, "the peoples of the United Nations determined to save succeeding generations from the scourge of war, which twice in our lifetime has brought untold sorrow to mankind", had established the United Nations Organisation. During these forty years the United Nations has made an invaluable contribution to the pursuit of the objectives which inspired its founders and which reflect the most cherished ideal

of humanity. It has helped prevent another global war and has been of vital importance to the peace and well-being of the world.

2. Cooperative international action within the framework of the United Nations system embraces virtually every aspect of human endeavour. Significant progress has been achieved in many fields.

3. The contribution of the United Nations to the process of decolonisation has been particularly valuable. The Organisation has been an untiring advocate of national liberation and has promoted the exercise of self-determination bringing freedom and independence to many formerly subject peoples. The number of independent and sovereign states in the Organisation has grown from 51 to 159, bringing it closer to its goal of universality.

4. The work done by the United Nations System, including its various organs, bodies and specilised agencies, has greatly contributed to broadening the human horizon and to deepening understanding, to relieving human suffering, to saving and protecting millions of human beings from death, deprivation and disease, and to improving the quality of life on this planet.

5. International assistance and support as well as tranfer of technology through the United Nations system have been an essential input in the continuing struggle by the peoples of the developing countries against poverty and all its attendant ills. For millions of disadvantages peoples, refugees, victims of natural disasters, children and mothers, such help has brought the rich gift of life itself.

6. The United Nations has been playing a significant role in the codification as well as the progressive development of international law. More has been done to bring about a world order based on law in the past forty years than during the entire previous history of humanity.

7. The utility and indeed the indispensability of the United Nations as a forum for negotiations for the benefit of all humanity, is testified by the adoption, over the years, of significant documents which have laid down a better frame-work for peaceful international cooperation in the political, economic, social, humanitarian and other fields.

8. Progress has been achieved in peace-making, peace-keeping, in the promotion of human rights, in enhancing international awareness of the need for disarmament and cooperation for development, as well as in other areas.

9. However, despite the achievements and some positive trends in the world of today, 40 years after the UN Charter entered into force, its purposes largely remain unrealised and its principles and provisions are not being fully or universally respected. We live at a time of tension and anxiety, in which the survival of mankind is threatened by the risk of nuclear war. The international situation continues to be characterised by confrontation and conflicts, acts of aggression, intervention and interference, the threat or use of force, infringements of human rights and fundamental freedoms and the principle of self-determination, and by the grave economic and social problems being faced by the developing countries.

10. The purposes and principles of the UN Charter remain our beacon and inspiration. We hereby reaffirm their validity, re-emphasise the need for their unswerving observance, and reiterate our commitment to respect them in their entirety and without reservation both in the letter and in the spirit.

11. We renew our undertaking to fulfil in good faith our obligations arising from the Charter, as well as from treaties and other sources of international law. We reiterate our determination to promote the rule of law in international affairs.

12. We express our firm resolve to promote and strengthen

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friendly relations between all states on the basis of sovereign equality and in a spirit of good neighbourliness, irrespective of their political, economic or social systems. We recognize the sovereign right of every state to choose its economic and social systems in accordance with the will of its people and without external interference.

13. The maintenance of international peace and security is a common concern of all countries and a vital purpose of the United Nations. We resolve to give full effect to the principles of respect for the sovereignty, independence and territorial integrity of states. We condemn the threat or use of force and acts of interference or intervention in violation of the principles of the Charter. We shall resort to peaceful means for achieving the settlement of international disputes.

14. International peace and security can only be ensured through general and complete disarmament, especially nuclear disarmament, under effective international control. The arms race must be arrested and reversed through genuine measures of nuclear disarmament. Outer space must be preserved for peaceful uses. The world can either continue to underwrite the enormous cost of an unprecedented arms race or employ more fully its material and human resources for the social and economic development of mankind; it certainly cannot do both. We urge that the resources released through disarmament be channelled to development programmes.

15. The crisis which has afflicted the world economy in recent years has had a devastating impact on the economies of developing countries. We live in an interdependent world and recognise the mutuality of our interest in promoting growth and development. All people must have access to the basic requirements of life through a system of just and democratic international economic relations and arrangements which are more responsive to the needs of all. We call for a restructuring of the existing international economic order. Issues of money and finance, debt, trade, food and agriculture and other

key areas should be discussed in their inter-relationship. We fully reaffirm our faith in the United Nations as a means of reaching agreements on measures to promote and strengthen international economic cooperation for mutual benefit.

16. The new frontiers opened by scientific and technological programmes require enhanced international cooperation. Our Organisation has an important role to play in this field, so that the results of scientific and technological programmes may be shared equitably and may contribute to the acceleration of economic development throughout the world.

17. We reaffirm the inalienable rights of all peoples under colonial domination and foreign occupation to self-determination, freedom and independence. The Namibian people shall be enabled to accede without delay to independence in accordance with the relevant decisions of the United Nations.

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19. We are concerned with the continuing denial of the right to self-determination of the Palestinian people. We shall work for the resolution of the Middle East problem and the question of Palestine through a comprehensive, just and lasting settlement.

20. We recognise that respect for the dignity and worth of the human person is, and must be, a basic element in the shaping of a decent and just world. We hereby dedicate ourselves to the promotion of human rights and fundamental freedoms and the rights of peoples in accordance with the Universal Declaration of Human Rights and the International Covenants of Human Rights. We rededicate ourselves also to the humanitarian

alleviation of the tragedies and disasters of our time.

21. Recognizing that the safety and welfare of the children is a investment in the future of all mankind, all countries have a sacred duty to ensure that children grow in body and in mind. We call for the full implementation of the world-wide programme of universal immunisation of children by the year 1990.

22. This year also marks the International Youth Year. We hope that young people all over the world - the leaders of the 21st century - will inherit the spirit of the UN Charter, strengthen friendship and solidarity among themselves, and exercise their utmost efforts in the cause of peace and development.

23. We undertake to work practically and effectively to strengthen and enhance the role and effectiveness of the UN. The reports of the Secretary General on the work of the organisation have provided valuable insights in this respect.

24. We declare that an efficient and impartial Secretariat, dedicated to the interests of the Organisation, headed by the Secretary General, is essential to the realisation of the aims of the Charter and to the effective performance of the United Nations.

25. The General Assembly represents the universality of its membership. We emphasize its importance. We look forward to the Organisation attaining the goal of complete universality.

26. We reaffirm also the importance of the particular responsibilities conferred upon the Security Council and on the Secretary-General by the UN Charter.

27. We resolve to work together for world peace and human progress and in resolving global problems of a political, economic, social, cultural or humanitarian character. Multilateral cooperation within the framework of the United

(7)

Nations remains the most appropriate means for the pursuit of our shared objectives which flow from our fellowship as members of the human race.

28. We recognise our collective responsibility for the future of our people. We pledge to work together, in the spirit of the Charter, in the United Nations "for a better world".

Foreign and Commonwealth Office

London SW1A 2AH

18 October 1985

Dear Tim,

Prime Minister's Visit to New York, 23-24 October

I attach (for your courier) 12 sets of briefs for the Prime Minister's visit to New York on 23-24 October (six for the Prime Minister's party; three - just in case - for the Foreign Secretary's party; one for Sir A Acland, and two spare). These cover:

A	Programme
B1	Bilateral meeting with Mr Craxi
B2	Bilateral meeting with Zhao Ziyang
B3	Bilateral meeting with Mr Peres
B4	Meeting with UN Secretary-General
C1	UN matters (background only)

We have included the brief prepared for the meeting with Mr Craxi even though it is far from clear at this stage (in view of the resignation of his Government) that he will be in New York on 23-24 October. We have not included a brief for the Prime Minister's bilateral meeting with President Reagan. We shall send any necessary material by telegram in due course. We have also not been able to include personality notes on those attending the Consul-General's Dinner on 23 October, as the guest list has not been finalised. They will be made available in New York.

1. PM
2. CDP
3. SH/MH
4. Desk
5. N.W.
6. Spare.

} PM.

TF to see this copy

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

T Flesher Esq
10 Downing Street

PS Separate letter follows on Summit Seven briefing.

Foreign and Commonwealth Office

London SW1A 2AH

18 October 1985

Dear Tim,

Prime Minister's Visit to New York

I enclose six copies of briefing on subjects which may arise during the Summit Seven talks.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

T Flesher Esq
10 Downing Street

1. PM
2. CDP.
3. SH/MH
4. Desk (No 10)
5. NW.
6. Spare.

Prime Minister
Papers on your meeting with President Reagan
18/19 Oct.
Further briefs on bilateral subjects are coming.
CDP 21/X

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FM WASHINGTON
TO PRIORITY UKDEL NASSAU
TELNO 6
OF 172030Z OCTOBER 1985
AND TO PRIORITY FCO
FOLLOWING FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES
MY TELNO 5: PRIME MINISTER'S MEETING WITH PRESIDENT REAGAN
1. THE WHITE HOUSE/NSC HAVE MADE NO PROPOSALS FOR THE AGENDA FOR THE PRIME MINISTER'S MEETING WITH THE PRESIDENT IN NEW YORK ON 23 OCTOBER: NOR I THINK NEED WE. BUT THE PRIME MINISTER MIGHT LIKE MY ADVICE BOTH ON SUBJECTS WHICH THE PRESIDENT MAY RAISE, AND ON THOSE WHICH SHE MIGHT WISH TO RAISE.
2. AS IN THE MULTILATERAL MEETING ON 24 OCTOBER, THE MAIN SUBJECT FOR THE PRESIDENT WILL BE THE 19/20 NOVEMBER SUMMIT WITH GORBACHEV. WE KNOW THAT HE SEES THE PRIME PURPOSE OF HIS CONSULTATIONS IN NEW YORK AS COMPARING NOTES WITH KEY ALLIES ON HIS SUMMIT APPROACH, AND THUS SEEKING TO ENSURE A DISPLAY OF ALLIANCE SOLIDARITY WHICH WILL STRENGTHEN HIS HAND IN GENEVA. IT IS CLEARLY IN OUR INTERESTS TO SUPPORT HIM ON THIS IN PUBLIC: BUT IN PRIVATE, AND PARTICULARLY IN THE BILATERAL, IT WOULD BE REASONABLE TO PRESS HIM ON THE MAIN THEME OF THE PRIME MINISTER'S SEPTEMBER MESSAGE. FOLLOWING THE SOVIET QUOTE COUNTER-PROPOSALS UNQUOTE, THE CASE FOR THE US BEING SEEN TO PUT FORWARD, EVEN IF ONLY THROUGH SOME QUOTE RE-PACKAGING UNQUOTE, THEIR OWN CONCRETE AND SPECIFIC PROPOSALS IS CLEARLY EVEN STRONGER. THE DEBATE ON WHETHER TO DO SO STILL CONTINUES HERE, AND IT WOULD BE VALUABLE

IF THE PRIME MINISTER COULD PRESS THE POINT IN NEW YORK. SHE MIGHT ALSO WISH TO STRESS THE IMPORTANCE FOR THE ALLIANCE OF THE PRESIDENT'S 11 OCTOBER DECISION TO KEEP THE SDI RESEARCH PROGRAMME WITHIN THE CONFINES OF THE GENERALLY ACCEPTED INTERPRETATION OF THE ABM TREATY: AND TO TELL HIM OF OUR REACTION TO THE SOVIET PROPOSAL FOR DIRECT DISCUSSIONS WITH THE UK AND FRANCE ON QUOTE THE NUCLEAR BALANCE OF FORCES IN EUROPE UNQUOTE.

3. THE PRESIDENT MAY ALSO REFER TO THE ECONOMIC AND TRADE ISSUES WHICH INCREASINGLY DOMINATE HIS DOMESTIC POLITICAL AGENDA. THOUGH THE PROTECTIONIST TIDE IS FOR THE MOMENT CONTAINED AND EVEN ABATING SLIGHTLY, HE WOULD WELCOME AN EXPRESSION OF SUPPORT FROM THE PRIME MINISTER FOR HIS RESISTANCE TO IT. OF COURSE THE ADMINISTRATION'S STRATEGY OF REGAINING CONTROL OF TRADE ISSUES FROM CONGRESS IS TO BE SEEN TO INSIST THAT TRADE MUST BE FAIR AS WELL AS FREE: AND THE DANGERS IN THIS ARE OBVIOUS. IT MIGHT BE SALUTARY TO REMIND HIM THAT THE US TOO IS OPEN TO CRITICISM FOR QUOTE UNFAIR UNQUOTE TRADE (EG JONES ACT RESTRICTIONS ON SHIPPING, HEAVILY SUBSIDISED AGRICULTURE AND EVEN - A CURRENT ISSUE - BANS ON THE IMPORT OF BOOKS IN ENGLISH BY US AUTHORS BUT PRINTED ABROAD). WHILE RECOGNISING THE CURRENT POLITICAL PRESSURES, THE PRIME MINISTER MIGHT WARN THAT ONE MAN'S RETALIATION, IN THE CAUSE OF QUOTE FAIR UNQUOTE TRADE, IS ANOTHER MAN'S PROTECTIONISM.

4. ON THE WIDER ECONOMIC PICTURE, THE PRESIDENT'S AGREEMENT TO BAKER'S 22 SEPTEMBER G5 INITIATIVE FOR AN ORDERLY DOLLAR DEPRECIATION AND ITS INITIAL SUCCESS IN ACHIEVING A MODERATE AND MEASURED DECLINE IN THE DOLLAR (10 PERCENT AGAINST THE YEN, 7 PERCENT AGAINST THE DM) HAS CERTAINLY STRENGTHENED THE ADMINISTRATION'S HAND AGAINST THE PROTECTIONISTS. THE FUNDAMENTAL PROBLEM OF THE FISCAL DEFICIT HAS OF COURSE STILL BEEN DUCKED - AND I SEE NO POINT IN AGAIN PRESSING THE PRESIDENT THIS MONTH FOR FURTHER ACTION ON THE FISCAL SIDE - BUT IT WOULD NONETHELESS BE USEFUL (EG IN STRENGTHENING BAKER'S HAND AGAINST REGAN AND SPRINKEL) IF THE PRIME MINISTER WERE TO EXPRESS SUPPORT FOR THE G 5 OUTCOME.

5. SHE MIGHT ALSO WISH TO WELCOME BAKER'S RECENT PROPOSALS IN SEOUL ON DEBT. THE CASE BY CASE APPROACH, AND THE IMF'S LEADING ROLE, OF COURSE REMAIN CRUCIAL, BUT THE GREATER EMPHASIS NOW BEING GIVEN BY THE US TO GROWTH AS WELL AS ADJUSTMENT BY DEBTOR COUNTRIES, AND TO THE NEED FOR INCREASED FINANCIAL FLOWS, SEEMS HELPFUL SEMI-COLON AS IS RENEWED US SUPPORT FOR THE WORLD BANK. IT IS SAID HERE THAT BAKER CHOSE TO CLEAR HIS LINES WITH THE PRESIDENT BEFORE SEOUL AT A TIME WHEN REGAN WAS OUT OF TOWN, AND THAT REGAN REMAINS CRITICAL: SO ON THIS ISSUE TOO A WORD OF SUPPORT FOR BAKER MIGHT NOT GO AMISS.

6. THE PRESIDENT MAY ALSO WISH TO REFER TO TERRORISM, AND THE PLO/ACHILLE LAURO AFFAIR: WHILE THE PRIME MINISTER MAY HAVE CHOGM IMPRESSIONS (EG ON SOUTH AFRICA) TO REPORT. BUT I STRONGLY RECOMMEND THAT SHE FIND TIME TO TOUCH ON THE FOLLOWING THREE BILATERAL ISSUES.

7. FIRST, MSE. WITHIN THE PENTAGON WE UNDERSTAND THAT OSD AND THE ARMY ARE STILL LOCKED IN DISCUSSION OVER THE INDEPENDENT COST EVALUATION GROUPS REPORT ON THE ARMY'S EVALUATION OF THE GTE AND ROCKWELL BIDS. WE ALSO BELIEVE THAT THE ARMY ARE STICKING TO THEIR GUNS AND CLAIMING THAT THE CEG REPORT DOES NOT AFFECT THEIR ORIGINAL SELECTION OF THE GTE SYSTEM. THIS IS NOT UNEXPECTED: WE NEED TO KEEP THE PRESSURE UP TO ENSURE THAT OSD ASK THE ARMY TO THINK YET AGAIN.

8. I THEREFORE THINK IT VERY IMPORTANT THAT THE PRIME MINISTER MENTION HER CONTINUED INTEREST IN THE MSE PROGRAMME. SHE MIGHT STRESS THE TECHNICAL AND OPERATIONAL SUITABILITY OF PTARMIGAN AND THE POLITICAL SIGNIFICANCE (EG IN THE TRIDENT CONTEXT) OF A ROCKWELL/PLESSEYS WIN. THE PRESIDENT'S RESPONSE MAY WELL BE THAT HE CANNOT INTERVENE IN THE COMPETITIVE PROCESS: THE PRIME MINISTER'S ANSWER MIGHT BE THAT, PARTICULARLY WHERE COMPETING SYSTEMS ARE NOT WHOLLY COMPARABLE, AN ELEMENT OF SUBJECTIVE POLITICAL JUDGEMENT IS INEVITABLE, AND WELL UNDERSTOOD.

9. SECONDLY, SDI PARTICIPATION. THE JOINT WORK BY MOD/DOD OFFICIALS, COMMISSIONED DURING THE DEFENCE SECRETARY'S VISIT IN JULY, IS NOW COMPLETE, WITH PAPERS BEING SUBMITTED TO MINISTERS ON BOTH SIDES. MUCH NEGOTIATING UNDERGROWTH HAS BEEN CLEARED AWAY, BUT THE CENTRAL ISSUE OF THE SCOPE OF THE UK RESEARCH PROGRAMME REMAINS TO BE SETTLED AT THE POLITICAL LEVEL, AND I IMAGINE THAT A FIRST MEETING MAY TAKE PLACE IN THE MARGINS OF THE NPG MEETING LATE THIS MONTH. IN MY JUDGEMENT, THE WHITE HOUSE ARE KEEN THAT DOD SHOULD REACH A DEAL WITH US WHICH WOULD PERMIT AGREEMENT, AND AN ANNOUNCEMENT, BEFORE THE 19/20 NOVEMBER SUMMIT IN GENEVA. THIS GIVES US, IN THE SHORT TERM, NEGOTIATING LEVERAGE. THE PRIME MINISTER MIGHT INCREASE THAT LEVERAGE, AND WHITE HOUSE PRESSURE ON WEINBERGER TO BE ACCOMMODATING, IF SHE WERE TO REMIND THE PRESIDENT THAT SHE IS KEEN TO SEE UK SUPPORT FOR THE SDI RESEARCH PROGRAMME GIVEN CONCRETE, SUBSTANTIVE, AND CONTRACTUAL FORM SEMI-COLON AND THAT SHE SEES NO REASONS WHY AN EARLY AGREEMENT SHOULD NOT BE POSSIBLE, PROVIDED THAT THE US SIDE ARE WILLING TO MOVE ON THE SCOPE OF THE UK'S SHARE, ON WHICH THE BALL IS STILL IN THE US COURT.

10. FINALLY, I RECOMMEND THAT THE PRIME MINISTER MENTION NORTHERN IRELAND, AND THE US-UK SUPPLEMENTARY EXTRADITION TREATY, ON WHICH I HAVE SENT SEPARATE ADVICE (MY TELNO 2895).

WRIGHT

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PP CHOGM

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TO IMMEDIATE FCO

TELNO 2895

OF 171900Z OCTOBER 85

AND TO PRIORITY UKDEL NASSAU (FOR PS/PRIME MINISTER AND PS/SECRETARY OF STATE)

INFO ROUTINE DUBLIN, C G NEW YORK.

18/1847

UK-US SUPPLEMENTARY EXTRADITION TREATY

SUMMARY

1. THIRD SANATE FOREIGN RELATIONS COMMITTEE HEARING DUE NEXT WEEK, BUT ON PRESENT FORM A COMMITTEE VOTE UNLIKELY THIS AUTUMN, UNLESS THE ADMINISTRATION START TO CAMPAIGN ACTIVELY FOR THE TREATY. A SUBJECT FOR THE PRIME MINISTER TO RAISE WITH THE PRESIDENT IN NEW YORK?

DETAIL

2. THE THIRD SENATE FOREIGN RELATIONS COMMITTEE HEARING WILL TAKE PLACE ON 22 OCTOBER. MOST WITNESSES WILL AGAIN BE HOSTILE, ALTHOUGH TWO LEGAL AUTHORITIES WILL SPEAK IN FAVOUR OF THE TREATY. A FURTHER HEARING WILL PROBABLY BE NECESSARY. DEMOCRATIC SENATORS, WHO HAVE EXPRESSED DOUBTS ABOUT THE TREATY BUT ARE CONCERNED TO AVOID THE CHARGE OF BEING SOFT ON TERRORISM, MAY CONSIDER TABLING A COMPROMISE TEXT IN NOVEMBER. (IT MIGHT RESERVE SOME ROLE FOR THE COURTS IN DECIDING THE EXTRADITION OF THOSE WANTED FOR TERRORIST CRIMES, AND WOULD PROBABLY REDUCE THE LIST OF OFFENCES IN THE PRESENT SUPPLEMENTARY TREATY.) THE PICTURE IS FURTHER COMPLICATED BY THE ACTIVITIES OF SENATOR HATCH, WHO, UNDER PRESSURE FROM THE IRISH NATIONAL CAUCUS, AND DESPITE PROTESTS FROM LHE ADMINISTRATION AND FOREIGN RELATIONS COMMITTEE, THREATENS A HEARING IN EARLY NOVEMBER ON THE CONSTITUTIONAL IMPLICATIONS OF THE TREATY UNDER THE AEGIS OF HIS JUDICIARY SUB-COMMITTEE.

3. BEYOND THE SENATE, THE IRISH NATIONAL CAUCUS AND OTHER IRISH AMERICAN GROUPS ARE LOBBYING NOISILY, AND CRITICALLY. HOWEVER, US MEDIA COMMENT ON THE TREATY HAS SO FAR BEEN ALMOST EXCLUSIVELY FAVOURABLE (WITH ONLY THE BOSTON GLOBE STRIKING A STRIDENT NOTE). THE ACHILLE LAURO INCIDENT HELPS, BY RE-FOCUSING ATTENTION ON THE PRINCIPLE OF BRINGING TERRORISTS TO JUSTICE.

4. WITH THE CONGRESS DUE TO ADJOURN AT THE END OF NOVEMBER, A FOREIGN RELATIONS COMMITTEE VOTE BEFORE THE RECESS LOOKS UNLIKELY AT PRESENT. LUGAR IS UNLIKELY TO CALL FOR A VOTE UNLESS HE IS SURE OF A MAJORITY FOR THE TREATY. TWO DEVELOPMENTS COULD HELP TO ACCELERATE MATTERS. FIRST, IF THERE WERE TO BE AN ANGLO-IRISH AGREEMENT NEXT MONTH, THE PROBABLE WAVE OF BROAD AMERICAN POLITICAL AND PUBLIC SUPPORT MIGHT ENSURE THAT THE TREATY COULD BE QUICKLY REPORTED OUT OF COMMITTEE WITH NO, OR ONLY COSMETIC, CHANGES. SECONDLY, THE ADMINISTRATION COULD STEP UP THEIR SUPPORT FOR THE TREATY: WE HAVE BEEN ACTIVE ON THE HILL, BUT THEIR BIG GUNS HAVE SO FAR REMAINED SILENT THERE. ARMACOST AND OTHER STATE DEPARTMENT CONTACTS WARN THAT THE TREATY IS NOT HIGH AMONG ADMINISTRATION PRIORITIES, BUT GIVEN THE CURRENT EMPHASIS ON EXTRADITION AND DUE PROCESS AS WEAPONS IN THE COUNTER-TERRORISM ARMOURY, IT SHOULD BE POSSIBLE TO SECURE THE PRESIDENT'S PUBLIC BACKING AND THE PERSONAL INVOLVEMENT (ON THE HILL) OF HIS SENIOR ADVISERS. THAT MUST BE OUR AIM.

5. THE BEST WAY OF SECURING IT WOULD BE BY THEIPRIME MINISTER RAISING THE MATTER BRIEFLY WITH THE PRESIDENT DURING THEIR MEETING IN NEW YORK ON 23 OCTOBER. I RECOMMEND THAT SHE SHOULD DO SO.

6. THE RIGHT LINE MIGHT BE BRIEFLY TO DESCRIBE PROGRESS ON THE ANGLO-IRISH DIALOGUE SEMI-COLON THEN TO POINT TO THE IMPORTANCE, FOR THE FIGHT AGAINST TERRORISM, OF THE SUPPLEMENTARY TREATY'S GOING THROUGH ON THE HILL SEMI-COLON AND FINALLY TO LINK THE TWO ISSUES BY ENQUIRING ABOUT THE DESIRABILITY OF A DRIVE TO GET THE TREATY SUCCESSFULLY THROUGH THE COMMITTEE BEFORE THE RECESS, SO MAINTAINING MOMENTUM FOR THE RENEWED BATTLE, ON THE SENATE FLOOR, NEXT YEAR.

WRIGHT.

No. 10
copy as requested

With the compliments of

THE PRIVATE SECRETARY

R Wooster
7/10

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

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FOLLOWING FOR PRIME MINISTER'S AND SECRETARY OF STATE'S PARTIES
PRIME MINISTER'S VISIT TO NEW YORK: 22/24 OCTOBER

1. THE WHITE HOUSE TELL US THAT THE PRESIDENT HAS ASKED FOR A BILATERAL MEETING WITH THE PRIME MINISTER IN NEW YORK AT 4.40PM ON 23 OCTOBER. GRATEFUL FOR INSTRUCTIONS.

2. WE ALSO UNDERSTAND THAT THE WHITE HOUSE ARE NOW GOING FIRM ON THE PLAN FOR THE PRESIDENTS MULTILATERAL MEETING ON 24 OCTOBER AS DESCRIBED IN PARA 2 OF MY TELNO 2860 - IE A WORKING SESSION (NOT A LUNCH) TO RUN FROM 13.15 TO 14.45, AND A DINNER TO RUN FROM 19.30 TO 21.00, PARTICIPATION TO BE BY HEADS OF GOVERNMENT ONLY. (THE TENTATIVE IDEA OF ANOTHER EARLY EVENING EVENT INVOLVING FOREIGN MINISTERS AS WELL APPEARS TO HAVE BITTEN THE DUST.) THE US EMBASSY IN LONDON HAVE APPARENTLY BEEN INSTRUCTED TO PUT THE NEW FIRM PROPOSAL TO NO 10 TODAY: BUT IT MIGHT BE QUICKEST IF THE PRIME MINISTER'S REACTION COULD BE CONVEYED VIA US. (THE WHITE HOUSE REGRET THAT IT HAS NOT PROVED POSSIBLE TO START THE DINNER AT 7PM, BUT THEY CONFIRM THAT THE PRIME MINISTER'S NEED TO DEPART AT 9PM IS FULLY UNDERSTOOD, AND SAY THAT ENDING THE DINNER THEN SUITS THEM TOO.)

WRIGHT

LIMITED

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MR DAVID THOMAS
MR DEREK THOMAS
MR SAMUEL
MR GOODALL
MR FERGISSON
MR DAUNT
MR EGERTON

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PRIME MINISTER'S PROGRAMME IN NEW YORK 23-24 OCTOBER
(as at 17 October)

Tuesday 22 October

2245	Arrive JFK

Wednesday 23 October

1000	? Bilateral meeting with Italian Prime Minister (Italian Mission, 45 minutes)
1200	Bilateral meeting with Israeli Prime Minister (PM's Suite, 30 minutes)
Lunch	Lunch given by Secretary General in honour of President Reagan (PM + 5)
1640	Bilateral meeting with President Reagan (? Waldorf Astoria)
1900	President Reagan's reception (Waldorf Astoria)
1945 for 2000	Dinner hosted by Consul-General, New York, for US bankers

Thursday 24 October

0910	Bilateral meeting with Chinese Prime Minister (PM's Suite)
1000	General Assembly. Prime Minister to speak. (?Order: US, China, India, UK, New Zealand, USSR, France)
1230	'Time' Magazine photograph
1315-1445	Summit 7 meeting hosted by President Reagan
1500	Commemorative Session (including speech by Secretary-General and adoption of declaration)
1700	Press conference
1815	Radio and TV Interviews

1930	Dinner hosted by President Reagan (for Heads of Government only)
2100	Depart from down-town New York
2145	Depart JFK

Meeting to be arranged

UN Secretary-General

PRIME MINISTER'S VISIT TO NEW YORK 23-24 OCTOBER

INDEX OF BRIEFS

PRIME MINISTER'S VISIT TO NEW YORK 23-24 OCTOBER BILATERAL MEETING WITH MR CRAXI

1. Our objectives

- Start meeting on friendly note by thanking Craxi for the effective cooperation between our security authorities following recent bombings (one on British Airways Office) in Rome. Secure credit for permitting Italian special force to be moved to Akrotiri after Achille Lauro hijack. Separate brief on terrorism attached;

- Propose that officials should be in touch soon about dates early in 1986 for bilateral Summit (which had been fixed for 29-30 October in Florence);

- On the Falklands, (separate brief attached) urge Craxi to abstain again;

- Move quickly to the Inter-Governmental Conference (separate brief attached). Discussion of the IGC the main objective of this short meeting.

2. If time permits

- press for early progress in the negotiation of a new Anglo-Italian Extradition Treaty;

- encourage Craxi to take an interest in the British-Italian Round Table meeting to be held in Italy in 1986.

3. Arguments

- Terrorism (separate brief)

- Anglo-Italian Summit. The Italians are well informed about developments in the UK. Craxi understands why the Prime Minister had to postpone the Summit. We have undertaken to

propose new dates even though the Summit will be in Italy;

- The Falklands (separate brief);

- IGC (separate brief);

4. If time allows:
   - A new Extradition Treaty would make an important contribution to the fight against drug abuse and terrorism. Experts should agree a framework for negotiation. The present review of UK extradition law need not hinder progress;

   - the Round Table was launched in 1983 by the Prime Minister and the then Italian Prime Minister ~~Forlani~~ Fanfani now Deputy Prime Minister . Increasingly useful instrument of Anglo-Italian relations.

5. Italian Objectives
   - To discuss the IGC (suggested response in separate brief)
   - To set an early date for the postponed summit;

6. Our Response
   - Propose that officials should be in touch soon to agree dates for a Summit in Italy in early 1986.

7. Press Line
   - The Prime Minister and Signor Craxi discussed a number of matters of bilateral interest. They concentrated on the Inter-Governmental Conference and the prospects for the meeting of the European Council in December in Luxembourg. Useful exchange on terrorism.

BACKGROUND: BILATERAL

1. Prime Minister last met Craxi at Milan Council in June: last bilateral in February in London.

2. By 17 November Craxi would be Italy's longest serving Prime Minister since 1945.

3. Anglo-Italian Summit scheduled for 29-30 October in Florence postponed at Prime Minister's request because of likely major commitments in UK. We have undertaken to propose new dates.

4. Home Secretary discussed proposed new Extradition Treaty with his Italian counterpart in February. But Italians slow to move forward on discussion of 1970 draft. Home Office and Ministry of Grace and Justice have had regular contacts but no date for opening of formal discussions yet proposed.

5. British Italian Round Table, launched by Prime Minister and ex Italian PM Fanfani at 1983 Anglo-Italian Summit, aimed at establishing a framework for high level meetings of politicians, journalists and industrialists: next meeting in Italy in first half of 1986.

PRIME MINISTER'S VISIT TO NEW YORK 23-24 OCTOBER
BILATERAL MEETING WITH MR CRAXI

Falklands/Argentina

Our Objective
To persuade Sr Craxi that Italy should again abstain on Argentine resolution on the Falklands in the UNGA.

Arguments
(a) Understand Argentina may be planning to table "softer" resolution on Falklands. Have not seen draft. But recent Argentine statements make clear any change of language purely cosmetic.

(b) Argentine policy remains unchanged. During his European tour President Alfonsin said "Britain must vacate the Islands" ie takes no account of Islanders' wishes or their right to determine their own future.

(c) Argentina inflexible: No constructive response to our numerous normalisation initiatives eg. lifting of import ban.

Tactical Arguments
"Soft" Argentine resolution only ploy to split Community unity. We attach great importance to principle of Community solidarity on matter of vital concern to one Member.

His Objectives
(a) To persuade the Prime Minister to agree to Argentine proposals for negotiations with "open agenda" or "without preconditions".

(b) Argue need to support democracy in Argentina.

/Your response

Your response

(a) i) All euphemisms for discussion of sovereignty, which in Argentine view must result in its transfer, irrespective of the wishes of the Islanders.

ii) Argentines ignore the invasion. Cannot resume discussion of sovereignty as if events of 1982 had never occurred.

iii) Need is to improve bilateral relations through practical measures. Unrealistic to address most sensitive issue between us and one on which we hold fundamentally opposed positions.

(b) We welcomed restoration of democracy. Measures we have taken will help Argentine economy and hence democracy there. But no help to democracy to offer hope of achieving unrealistic goals.

Press Line

The Prime Minister and Sr Craxi discussed the forthcoming debate on the Falklands in the UNGA.

BACKGROUND

1. The Argentines are considering tabling a "soft" resolution omitting all the customary condamnatory preambles and calling for negotiations on "all outstanding differences" or a similar formula. They hope to secure sponsorship for this resolution from some European countries (including Italy) and agreement from us that such a resolution could form the basis for negotiations.

2. The Italians have told us at official level that they would not change their vote in the event of a "soft" resolution without consulting us first.

PRIME MINISTER'S MEETING WITH MR CRAXI

TERRORISM

UK Objectives

1. To thank Italians for close liaison between security authorities following recent bombings in Rome.

2. To seek Italian intervention with French on Summit Seven mandate following Achille Lauro incident.

3. Secure creditfor permitting Italian special force to be moved to Akrotiri after the Achille Lauro hijack.

Our Arguments

3. Welcome swift action by Italian security authorities following recent bombings. Pleased with close liaison established between respective security authorities.

4. Recognise real difficulties faced by Italian authorities in dealing with Achille Lauro incident. Whole affair underlines need for close Europe/US co-operation. Summit Seven obvious forum. Cannot Italy influence France to be more receptive?

Mr Craxi's Objectives

5. To provide assurance that release by Italy of Palestinian Liberation Front leader, Abu Abbas, does not indicate weakening of Italian resolve to deal effectively with terrorism.

Our Response

6. Believe policy of no substantive concessions to terrorists likely to prove most effective.

/Background

Background

7. Following two recent bombings in Rome, one on British Airways office, the Italian police arrested a young Arab who claims to be a member of the Revolutionary Organisation of Socialist Moslems (ROSM), an organisation which has previously claimed responsibility for the murder of two British officials in Athens and Bombay. We hope that the arrest of the first known member of the group might produce information on ROSM and its aims. We are keeping in close touch with the Italian authorities.

8. The Italians have been criticised for allowing the Palestine Liberation Front Leader (Abu Abbas) to travel on to Yugoslavia after the Achille Lauro incident. Italians say they had insufficient evidence against Abu Abbas. After the hijack we allowed the Italians to deploy a special force (not used) to Akrotiri.

9. The incident underlines the need for continuing efforts to ensure widespread international co-operation against terrorism, particularly in fora such as the Summit Seven where the US and Western European countries participate. The French object to further discussion in Summit Seven and insist mandate can only be widened by Heads of Government. Mr Craxi may now be prepared to try to influence M. Mitterrand.

Press Line

10. Useful exchange on terrorism.

INTER-GOVERNMENTAL CONFERENCE

POWERS OF THE EUROPEAN PARLIAMENT

FRENCH PROPOSALS (INFORMAL TRANSLATION)

A. Proposed Amendment to the Commission's Proposals (III: Cooperation)

Replace the Commission's text by the following:

1. The Commission's proposals shall be transmitted simultaneously to the Parliament and to the Council. The Parliament, by a majority of its members, shall adopt its Opinion within two months. The absence of an Opinion from the Parliament within this time limit shall imply approval of the proposal, unless the time limit is extended by common accord between the three institutions.

(a) if the Parliament has given its approval, the Council shall act on the Commission proposal in accordance with the provisions of the Treaty;

(b) if the Parliament amends the Commission proposal, the Commission shall within a month maintain its original proposal or adapt its text in accordance with Article 149, paragraph 2. If the Commission has not acted within this time limit, it shall be deemed to have approved the Parliament's amendments and the Council shall deliberate on the proposal as amended by the Parliament. The Council shall act in accordance with the provisions of the Treaty;

(c) if the Parliament rejects the Commission proposal, the Commission shall express its opinion within a month. The absence of an opinion from the Commission will imply the withdrawal of its proposal; if the Commission makes a new proposal, the procedure begins again; if it maintains its proposal despite the Parliament's rejection, the Council shall act by unanimity.

2. If the text adopted by the Council differs substantially from that whose adoption has been recommended by the Parliament, the conciliation procedure shall be opened. The Conciliation Committee shall reach a conclusion within a month, subject to the possibility that this time limit be extended by common accord of the three institutions.

3. If the Conciliation Committee reaches agreement, its proposal shall require the Parliament's approval and the Council's approval within two months.

4. If the Conciliation Committee does not reach an agreement, or if its proposal is not approved by the Parliament and the Council, the Council shall act definitively, in accordance with the provisions of the Treaty.

B. Internal Market

The text in Appendix I does not have the status of a proposal by the French Delegation. It is a suggestion made following the recent proposals by the Commission.

This text is not intended to be inserted in the body of the Treaty but could constitute a "conference Act".

It proposes the amendment of Articles 57(2) and 100 which are also attached (Appendix II).

The text of these two Articles should be read alongside the proposals which will be made by the French delegation in relation to the powers of the European Parliament [ie A. above].

APPENDIX I

INTERNAL MARKET

1. The obstacles which remain to the free movement of goods, persons (workers), services and capital shall be progressively abolished over a period of 7 years.

2. The corresponding decision shall be taken on the basis of the relevant Articles of Treaty and in accordance with the procedure defined by that Treaty.

3. The Council, acting by unanimity on a report by the Commission and after consulting the Parliament, shall establish before 1 Janaury 1990 that the progress actually made will enable the prescribed deadlines to be met. It shall confirm, on this basis, the objective defined in paragraph 1 above. In the absence of unanimity, this procedure shall automatically be postponed for 1 year. Nevertheless a Member State cannot prevent a unanimous decision by availing itself of the pretext that its own obligations have not been fulfilled.

4. The provisions laid down by law, regulations and administrative action still in force at the end of the year 1992 in each member state can only be recognised by the other Member States as equivalent to theirs if the Council, acting by qualified majority on a proposal from the Commission and after consulting the Parliament, decides in this sense before 31 December 1992.

5. To this end, the Commission shall carry out with each Member State before 30 June 1992 a survey of the provisions laid down by law, regulations and administrative action concerned.

6. For the purpose of implementing paragraph 1 above Article 57(2) and 100 of the Treaty shall be amended.

7. Before 1 January 1990, national legislation on VAT, excise duties and company tax shall be progressively harmonised; in particular, the necessary measures shall be taken to allow the payment of VAT within the Member States and no longer at their frontiers.

8. On the occasion of the exercise provided for by paragraph 3 above, the Council shall in accordance with the procedure defined in paragraph 2, adopt provisions in order to ensure that approximation of taxation rates, needed for the implementation of a unified market.

APPENDIX II

ARTICLE 57(2)

For the same purpose, the Council shall, acting by qualified majority on a proposal from the Commission and after consulting the Assembly, issue, before the end of the transitional period, directives for the coordination of the provisions laid down by law, regulation or administrative action in the Member States concerning the taking up and pursuit of activities as self-employed persons.

Unanimity shall be required on matters which in at least 1 Member State are the subject of legislation and for measures concerned with the protection of savings, in particular the granting of credit and the exercise of the banking profession and would the conditions governing the exercise of the medical and allied, and pharmaceutical professions in the various Member States. However the Council shall act by qualified majority if the Parliament, by a majority of its members, has expressed a favourable opinion on a Commission proposal or if it has proposed amendments without indicating that the adoption of these amendments shall be conditional upon its favourable opinion.

ARTICLE 100

The Council shall, on a proposal from the Commission and after consulting the Parliament, issue directives for the approximation of such provisions laid down by law, regulation or administrative action in Member States as directly affect the establishment or functioning of the Common Market.

The Council shall act by unanimity. However, it shall act by qualified majority if the Parliament, by majority of its members, has expressed a favourable opinion on the Commission's proposal or if it has proposed amendments without indicating that there adoption shall be conditional upon its favourable opinion.

The Economic and Social Committee shall be consulted in the case of directives whose implementation, would in one or more Member States, involve the amendment of legislation.

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI

INTER-GOVERNMENTAL CONFERENCE

OBJECTIVES

- To persuade Signor Craxi that:

  a) stable development of the Community can only be based on changes which all member states are prepared to accept and which lead to real improvements;

  b) if the Inter-governmental Conference were to turn into a demonstration of disunity it would represent a major setback for Europe.

SIGNOR CRAXI'S OBJECTIVES

- To put across his view that:

  a) the Inter-governmental Conference must result in progress towards European Union;

b) this should include increased powers for the European Parliament on the lines of the Italian proposals;

ARGUMENTS

- The Community cannot afford another division of the kind that occurred at Milan.

- We are playing a full role in the Conference. We will not take a view on the various elements until the end of this process, when we can see precisely what might form the basis for an agreement between all the member states. It is up to those who argue for treaty change to convince their partners.

- The United Kingdom has clear priorities for the Community, in particular completing the common market, in accordance with the Treaty, and strengthening the Community's role in the world.

- Will judge proposals now coming forward by whether they would make a real difference to the creation of a genuine common market; and whether they are likely to

command the general acceptance necessary for the treaty to be amended.

- Large number of proposals now on the table. Does Signor Craxi think it will be possible to reach conclusions in December? What kind of an outcome does he think likely to be agreed?

- We want to see better decision-taking and more majority voting. But this has to be on issues where the main lines of policy have already been decided. Can Italy agree to a shift to majority voting - as the Commission have proposed - on such matters as direct taxation, indirect taxation, frontier controls?

- Agree on the need for the Parliament to be encouraged to make a positive contribution to decision-taking and to behave more responsibly - not just playing a spoiling role. Our proposals for genuine consultation with the Parliament remain on the table.

- Are studying the Italian proposals: these would appear to give the Parliament a veto over a wide range of Community legislation. Must not make decision-taking more difficult. And last word must remain with the

Council.

- Understand that there are also French proposals on cooperation with the Parliament. What view does Signor Craxi take of those?

- No point in changing procedures if key treaty articles still would not be implemented. Our attitude will be affected by whether there is a commitment to real progress, for instance the abolition of lorry quotas and the opening up of a genuine common market in services.

Essential Facts

A 1. For background see Mr Budd's letter of 15 October to Mr Powell.

B 2. Italian proposals would give European Parliament an effective veto over a wide range of legislation (though they at least have the merit that the Parliament would not be able to force proposals through against the wishes of the Council). These ideas were heavily criticised by other member states in the Preparatory Group on 14-15 October.

C 3. The French proposals for "cooperation" with the Parliament are a marked improvement on earlier Commission ideas. They would impose sensibly tight deadlines on the procedure for enhanced consultation with the Parliament, and leave the last word with the Council. The French have also floated, possibly for tactical reasons only, a suggestion that the Parliament should be given power to trigger majority voting in the Council under the two main articles on the internal market (57(2) and 100). This would be unacceptable.

D 4. The UK proposals at Milan were designed to involve the Parliament more closely in the early stages (ie while Commission proposals are still in draft, and again when first submitted to Council) without however enabling Parliament to impose its views. The Council would also introduce a procedure for following up EP resolutions systematically and reporting on action taken in response to them.

E 5. The UK's Stresa/Milan proposals on decision-taking are also attached.

Foreign and Commonwealth Office

London SW1A 2AH

15 October 1985

Dear Charles,

Prime Minister's Meeting with Signor Craxi: European Community

Craxi has said that the principal subject he wants to discuss is the inter-governmental conference. His main interest will be in attempting to discover whether we are necessarily going to oppose any treaty change. He will also try to insist on the need to do something vis a vis the European Parliament.

The Position in the Conference

With a plethora of proposals now on the table, it remains to be seen whether it will be possible to bring order into this process by the time of the December European Council. The proposals of the Commission have been criticised by several member states.

On decision taking, the French and Germans want only a limited extension of majority voting. There is likely to be considerable support for some limited change in this area, related to the pursuit of specific objectives on the internal market. Given the difficulty of any major change in decision taking, others are continuing to show interest in the idea of up-dating the treaty by including provisions on technology and the environment which would set out what is happening already in the Community on these subjects in the Research and Environment Councils. Discussion is still in its very early stages. On this as on other issues, our position is entirely reserved. The Commission have put forward proposals on "strengthening the cohesion of the Community" - a euphemism for convergence - to which the French and Germans are strongly opposed. Work is proceeding on the political cooperation text on the lines we proposed. Craxi and others will want this to be part of a wider package with some limited treaty changes, if any can be agreed - and wrapped up, no doubt, in some preambular language about "European union".

/The

The Articles to be thus amended are the following: Article 7 (prohibiting discrimination); Article 49 (freedom of movement for workers); Article 51 (social security); Article 54(2) (freedom of establishment); Article 56(2) (special treatment for foreign nationals); Article 57 (recognition of diplomas and pursuit of activities as self-employed persons); Article 63(2) (provision of services); Article 69 (movement of capital); Article 99 (harmonization of tax laws); Article 100 (approximation of laws).

The Articles under discussion within the Conference which introduces new policies would also be amended in consequence insofar as they provide for acts laying down general rules.

In order to define the above joint decision-making procedure, it is suggested that the following Article 189(a) be inserted in the Treaty:

"Article 189(a)"

Where, under the terms of this Treaty, an act of the Council is adopted in agreement with the European Parliament, the following procedure shall apply:

1. The Council, acting by a qualified majority on a proposal from the Commission and the prior Opinion of the European Parliament, shall adopt the act at the first reading and inform the European Parliament thereof.

.../...

2. If, within two months of being thus informed, the European Parliament approves the act or fails to state a position, the Council shall finally adopt the act.

The European Parliament may, within the same period and acting by an absolute majority of its Members amend the act approved by the Council.

3. After receiving the opinion of the Commission, the Council, acting by a qualified majority, may finally adopt, amend or reject the new text approved by the European Parliament. The Council shall inform the European Parliament of its decision.

4. If the Council amends the act, the European Parliament may approve the new text or, acting by an absolute majority of its Members, reject it.

If the European Parliament approves the text or fails to state a position within two months of being informed as laid down in paragraph 3, the Council shall finally adopt the act in the form last submitted to the European Parliament.

5. Where, under the circumstances provided for in paragraphs 3 and 4 of this Article, the Council or the European Parliament reject the act, the Council shall note that the procedure has been completed."

.../...

II. So-called constitutional matters: The Italian Government supports the Commission proposal with regard to Articles 138(3), 201, 236 and 237 of the EEC Treaty. It also considers that the same proposal should be extended to Article 238 of the EEC Treaty.

III. Other powers: the Italian Government also proposes that the following provisions be included:

Article 142a: "At the beginning of every mandate the Commission shall submit its own political programme to the European Parliament for confirmation".

Article 144a: "The European Parliament shall have the power of inquiry and shall receive petitions addressed to it by citizens of the Member States.
The manner of giving effect to the above shall be laid down by the Council acting on a proposal from the Commission and in agreement with the European Parliament."

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(1)

CONFERENCE OF THE REPRESENTATIVES
OF THE GOVERNMENTS
OF THE MEMBER STATES

PREPARATORY GROUP

Brussels, 11 October 1985 (OR.i)

CONF-RGEM 27/85	
	R/LIMITE

1. mufax mr Wall
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NOTE

from : Italian delegation
dated: 11 October 1985

Subject: Powers of the European Parliament

In accordance with the draft mandate submitted to the European Council in Milan and on the basis of the draft Treaty establishing the European Union as approved by the European Parliament and the Report from the Ad hoc Committee on Institutional Affairs, the Italian Government deems it necessary to make its own contribution to the Conference on the revision of the EEC Treaty on the subject of the powers of the European Parliament.

I. The Italian Government considers first of all that in certain areas (in particular those concerning the internal market and new policies) the principle of full joint decision-making by the European Parliament and the Council should be stated.

To this end it is suggested that the Articles listed below be amended by the insertion of a formula along the following lines: "The Council may, on a proposal from the Commission and in agreement with the European Parliament .....".

.../...

UK PAPER – MILAN

UK Paper (9)
Circ 1300 28/6

DRAFT EUROPEAN COUNCIL CONCLUSIONS
ON THE ROLE OF THE EUROPEAN PARLIAMENT

1. The European Council agreed that the relationship between the Council and the European Parliament was not working satisfactorily, and that arrangements should be established which would provide for real and effective consultation between the Council and the European Parliament and enable the European Parliament to make a positive contribution to decision-taking.

2. They agreed on the implementation of an effective procedure in the course of decision making that would provide for genuine consultation between the Council and the European Parliament before the Council reaches the decision stage.

3. They also agreed that the Council should take steps to follow up European Parliament resolutions systematically and report on the action taken in response to them.

4. In order, therefore, to develop the improved working relationship between the Council, Commission and European Parliament, the European Council underlined that

- without in any way prejudicing the Commission's power of initiative and its prerogative to make proposals, it should be open to the Commission to put forward discussion documents for consideration

/by the European

by the European Parliament as part of the preparation of the Commission's definitive proposal. In these circumstances the European Parliament could consider the proposals in committee, hold hearings and give its reactions;

- when formal proposals have been submitted to the Council, there should be an early meeting between the Council, the Commission and representatives of the European Parliament with a view to facilitating agreement;

- in addition, the European Parliament might choose from time to time, as the President of the Commission has suggested, subjects which it might study, and on which it would conduct the necessary hearings and prepare a resolution in cooperation with the Commission.

5. The European Parliament itself can do much to enhance its association in decision taking by targetting its opinions more precisely and ensuring that they contain clear recommendations on which action by the Council or proposals by the Commission could be based.

6. These changes could be implemented quickly. There should be an early meeting between the Presidency, representatives of the European Parliament and the Commission to discuss ways of putting them into effect.

DECISION-TAKING: FOUR POINTS CIRCULATED BY THE FOREIGN SECRETARY AT THE INFORMAL MEETING OF FOREIGN MINISTERS, STRESA, 8/9 JUNE

a) In the enlarged Community more use will need to be made of the majority voting provisions of the Treaties.

b) Member States agree to make greater use of abstention as provided for in Article 148(3) of the EC Treaty so as not to prevent the adoption by the Council of acts which require unanimity.

c) Where is it agreed (by heads of government in the European Council) that a specific objective should be achieved it may also be agreed that member states will aim not to impede progress by invoking the unanimity rule in relation to the measures necessary for its implementation.

d) When a member state asks that discussion should continue until unanimous agreement is reached, the member state concerned should be required to explain fully and formally, through a special procedure of the General Affairs Council, why its government considers very important interests in fact to be at stake.

Prime Minister's Meeting with Signor Craxi: Inter-Governmental Conference

- The Community cannot afford another division of the kind that occured at Milan.

- We are playing a full role in the conference. We will not take a view on the various elements until the end of this process, when we can see precisely what might form the basis for an agreement between all the member states. It is up to those who argue for treaty change to convince their partners.

- The United Kingdom has clear priorities for the Community, in particular completing the common market, in accordance with the treaty, and strengthening the Community's role in the world.

- Will judge proposals now coming forward by whether they would make a real difference to the creation of a genuine common market; and whether they are likely to command the general acceptance necessary for the treaty to be amended.

- Large number of proposals now on the table. Does Signor Craxi think it will be possible to reach conclusions in December? What kind of an outcome does he think likely to be agreed?

- We want to see better decision taking and more majority voting. But this has to be on issues where the main lines of policy have already been decided. Can Italy agree to a shift to majority voting - as the Commission have proposed - on such matters as direct taxation, indirect taxation, frontier controls?

- Agree on the need for the Parliament to be encouraged to make a positive contribution to decision taking and to behave more responsibly - not just playing a spoiling role. Our proposals for genuine consultation with the Parliament remain on the table.

- Are studying the Italian proposals: these would appear to give the Parliament a veto over a wide range of Community legislation. Must not make decision taking more difficult. And last word must remain with the Council.

/Understand

- Understand that there are also French proposals on the Parliament. What view does Signor Craxi take of these?

- No point in changing procedures if key treaty articles still would not be implemented. Our attitude will be affected by whether there is a commitment to real progress, for instance the abolition of lorry quotas and the opening up of a genuine common market in services.

The European Parliament

The Italians have made a proposal which would give the Parliament an effective veto over a wide range of legislation, though it would not permit any legislation to be adopted without the assent of the Council. This would be more likely to frustrate than improve decision taking. The Germans and the Commission have also made proposals for an extremely cumbersone procedure. The French, however, who have been telling us privately that they want no significant increase in the powers of the Parliament, have just tabled a proposal which will require very careful examination, but which is intended to ensure that the Council retains the decisive voice in what is or is not agreed. The Prime Minister may wish to tell Craxi that we want to see the Parliament playing a more positive role, and put forward at Milan our own proposals to enable it to do so. But the last word must remain with the Council. She might refer to the French ideas on this subject and ask Craxi what view he takes of them.

Our Approach

The questioning approach we have adopted in the conference has forced the French and Germans off the fence and has obliged them to come out in opposition to proposals from the maximalists led by the Commission. We have said that we will play a constructive role and will judge any proposals for treaty amendment against whether they would make a real contribution to the achievement of key objectives, in particular in relation to the completion of a genuine common market. Other member states are aware that we shall not decide our position until a late stage in this process, close to the European Council.

The Foreign Secretary recommends that the Prime Minister should take the same questioning approach with Signor Craxi which she adopted with M. Fabius. We should continue to expose the differences between other member states and should not permit the French or others to shelter behind us. No-one is keener than we are to see the key articles of the treaty providing for the opening up of the internal market fully implemented - including, for instance, Article 57(2) of the treaty, providing for full freedom of establishment in services. We have our own interest in improved decision-taking. We shall continue to work to reduce the scope of the kind of package that might emerge and relate it to the pursuit of our own objectives, and will only be able to take a view when its precise shape is much clearer than it is now.

/Sir

Sir Geoffrey Howe has asked Sir Michael Butler to compile a report on the state of play in the conference which will be sent to the Prime Minister on her return from New York and which might serve as a basis for discussion of some of these issues with her.

I attach a note setting out some questions the Prime Minister may wish to consider putting to Signor Craxi. Additional background and briefing on other matters is being provided separately.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing Street

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

BILATERAL MEETING WITH ZHAO ZIYANG

Contents

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

BILATERAL MEETING WITH ZHAO ZIYANG

Ia): BILATERAL ISSUES: GENERAL POLITICAL

Our Objectives

a) To emphasize our commitment to continued development of political and economic relations.

b) To underline importance we attach to an outward-looking economically pragmatic China.

Arguments to Use

a) Welcome continued rapid growth in contacts and cooperation at all levels since your visit to UK. Scope for more, particularly in economic sphere.

b) High level visits important. State visit in October 1986 will be powerful symbol of mutual commitment to cooperation. Hope General Secretary Hu Yaobang will be able to accept my invitation to visit Britain next June. Glad to note growing momentum of ministerial visits.

c) Welcome open door policy: modernization impossible in isolation; Britain can make major contribution. Impressed by Chinese economic successes, and constructive approach to inevitable problems of rapid growth.

His Objectives

a) To emphasise that open door policy not threatened by recent economic overheating in China.

b) To stress Chinese wish for increased economic cooperation but on favourable terms (eg soft loans, technology transfer - see separate briefs).

Press Line

Both sides welcomed continuing growth in bilateral contacts at all levels.

Background

Prime Minister last met the Premier during his visit to Britain from 2-8 June 1985.

Premier Zhao pressed in September for a bilateral. Prime Minister initially wrote to say she was unlikely to be able to attend UNGA celebrations.

State Visit to China 12-18 October 1986 (dates now announced).

Prime Minister had invited Hu Yaobang (General Secretary, Chinese Communist Party) to visit Britain for five working days from 9 June 1986.

Mr Ridley visited China 25 September - 1 October. Mr Jopling will visit in November and Lord Young in December (subject to agreement with Chinese on dates). Visits in first half of 1986 expected by Mr Brittan, Mr Lawson, Mr Lamont and Mr Luce.

Recent overheating in Chinese economy. Rapid growth in imports led to sharp decline foreign exchange. Fuelled criticism of open door policy within China; but so far deflected by measured and pragmatic response. Increased controls on foreign exchange, bank credits and investment.

Special Party Conference in September major step in assuring continuing after Deng Xiaoping: replaced elderly party conservatives with younger, better educated reformists.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

BILATERAL MEETING WITH ZHAO ZIYANG

Ib): BILATERAL ISSUES: TRADE

Our Objectives

a) To secure award to GEC of contract for Guangdong nuclear plant conventional island.

b) To underline importance we attach to proposed second trade mission to China led by Lord Young, probably in December.

Arguments to Use

a) Welcome continued rapid growth in two way trade in 1985.

b) [Guangdong nuclear project: line to take will depend on progress in talks under way in Peking; supplementary brief will be provided].

c) Lord Young delighted to maintain his close personal contact with China, despite new Ministerial responsibilities. Hopes to lead businessmen on a second trade mission in December: has my strong support.

His Objectives

a) Bigger UK soft loan offer.

b) Greater access to UK market for Chinese goods.

Your response

a) Glad that HMG was able to offer China £100 million of soft loans during talks in Peking in early October. Hope agreement will soon

be reached on choice of projects. Will provide practical support for trade; and symbolizes political commitment to closer economic cooperation.

b) Understand importance to China of generating foreign currency. European Community now engaged in annual review of (non-textile) quotas; I will ensure full account is taken of Premier's views. EC-China textile agreement runs until 1988, and is working well.

Background

UK/China trade small, but growing rapidly;

£ Million	1983	1984	1985 (to end August)
UK-exports to China	160	317	274
UK imports from China	231	279	209

Negotiations are currently taking place in China on GEC component of Anglo-French Guangdong nuclear project (UK contract value (£300 million). Situation report and line to take will be telegraphed to UKMIS New York by 22 October.

Lord Young plans to visit China again in December with business team from electronic, computer, telecommunications and information technology sectors.

UK this month offered China soft credit (totalling £100 million) through use of aid programme. This followed committment in principle by Prime Minister during Zhao's visit in June. China indicated some priority projects. Details to be settled early next year.

Under EC arrangements UK prohibits import of a few Chinese goods (notably TV sets) and applies quotas to several others, eg, pottery and shoes. Textile imports from China are restrained under the EC-China textile agreement. China increasingly sensitive to Western protectionist measures, in face of need to generate foreign currency to pay for rapidly growing imports. But not so far a contentious bilateral issue.

BRIEF No B2

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
Ic) : BILATERAL ISSUES : COCOM

Our Objective

To impress on the Premier that UK played a leading role in negotiating a reduction of COCOM controls.

Arguments to Use

a) Pleased COCOM has agreed to relax some controls on transfer of technology to China. We pressed for this liberalisation.

b) We wanted greater relaxations. But all changes have to be agreed by consensus in COCOM.

c) Although a step forward, we see these measures as only a first stage. Will work for further liberalisation.

His Objective

Removal of all COCOM restrictions on sales to China.

Your Response

Need to proceed by consensus. UK will continue to work for further relaxations.

Press Line

Nothing to be said.

Background

In June Zhao Ziyang thanked the Prime Minister for our efforts in COCOM and asked us to press for further liberalisation leading to eventual abolition of COCOM controls.

Last month COCOM agreed to relax controls on exports to China in 27 categories of high technology industrial goods which have possible military applications (including certain optical fibre equipment, industrial robots, telecommunications, lasers, computers and switching equipment). These can now be authorised at national discretion instead of requiring approval from all COCOM members. However, exports of advanced optical fibre equipment, including the type that GEC wish to supply for the Chinese railways, are particularly sensitive and still require COCOM-wide approval.

The main advantage of the changes for the Chinese (and for British exporters) will be a general speeding up of the licensing process. We pressed for greater liberalisation but this was opposed by the US on security grounds.

At US insistence, the measures will take effect only if the Chinese agree to issue new order-verification certificates (to act as a safeguard against unauthorised re-export). COCOM Ambassadors in Peking will be informing the Chinese of the liberalisation and of the new requirement for certificates.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
Id: BILATERAL ISSUES: URENCO (if raised)

Our Objective

Reassure Chinese they have not been rebuffed.

Arguments to Use

a) August Aide Memoire means what it says.

b) Cooperation not impossible; although many problems to overcome.

c) Welcome Chinese recognition of sensitive nature of project.

d) Appreciate Chinese offer to agree constraints. But need more details of what you have in mind on this and on commercial aspects.

Tactical Arguments

Decision for or against supply is for URENCO Partners together.

His Objective

To obtain a commitment from UK to supply URENCO uranium enrichment technology.

Your Response

Decision is for URENCO Partners together. Reply to Aide Memoire will help towards this.

Press Line

Nothing should be said.

/Background

The National Archives

DEPARTMENT/SERIES PREM 19 PIECE/ITEM 1660 (one piece/item number)	Date and sign
Extract/Item details: Page 2 of Brief No B2 for Bilateral meeting with Zhao Ziyang	
CLOSED FOR 40 YEARS UNDER FOI EXEMPTION	10 July 2014 CWayland
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	
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MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
Ie) BILATERAL ISSUES: EUREKA (if raised)

Our Objectives

To discourage any suggestion by the Premier that China should participate in EUREKA.

Arguments to Use

EUREKA is a European response to the challenge of Japanese and Us success in the world market for high technology. It is designed to foster collaboration between European companies in developing new, high-technology products and processes to be marketed on the European and world markets. The initiative for selecting projects will rest with companies themselves.

Tactical Arguments

EUREKA is not aimed at science or basic research. Companies will seek their own partners and must be comfortable with them. The UK envisages projects being financed principally by the participating companies. EUREKA is not designed to transfer technology to less advanced economies.

His Objectives

To obtain agreement in principle to Chinese participation in EUREKA.

Your Response

Not easy to see how Chinese enterprise could fit easily into EUREKA (European) framework.

(If pressed): But I would see little objection in principle if European partners in a particular EUREKA project saw specific benefit to the project in collaborating with a Chinese company.

Press Line

Nothing should be said.

Background

Chinese officials recently expressed interest to the French Research Minister in participating in EUREKA. (Deng Xiaoping had also done so to Robert Maxwell). M Curien emphasised the European nature of EUREKA but held the door open to Chinese participation in particular projects if the European companies concerned wanted it.

Chinese participation hard to reconcile with the market-led framework for EUREKA (through France and German see a role for state-led basic research projects).

Chinese firms unlikely to attract European partners.

COCOM controls would also present problems.

The UK also reacting negatively to expressions of interest from Eastern Europeans, notably Hungary.

A Ministerial meeting of EUREKA participants takes place in Hanover on 5-6 November to define its objectives and structure.

UK industrial interest in projects is developing, albeit slowly. At least one project (on lasers) should be ready for announcement at Hanover.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
II) HONG KONG

Our Objectives

GATT

a) To convince the Chinese of the importance of early agreement on how to secure Hong Kong's continued participation in the GATT.

AIR SERVICES

b) To stress to the Chinese our hope that the next round of air service talks will produce an agreement allowing an increased role for Hong Kong based airlines, particularly Cathay Pacific Airways, on routes from Hong Kong to China, particularly Peking and Shanghai.

Arguments to Use

a) Glad Joint Liaison Group and Land Commission got off to good start.

b) GATT and air services first important Hong Kong subjects to be discussed with Chinese since ratification of Joint Declaration. Outcome of discussions will be seen as test of whether Chinese and British sides can cooperate over Hong Kong.

c) Expectations of an early solution on the question of Hong Kong's continued participation in the GATT have been aroused in Hong Kong by the terms of the Joint Declaration. Failure to settle question soon would have an adverse effect on businessmen's appraisal of Hong Kong's prospects of continuing commercial autonomy and on their investment decisions. Believe we have put forward solution which would best ensure business confidence. Hope that two sides may be able to reach agreement at next meeting of the Joint Liaison Group.

d) Agreement was reached during session of air service talks in Peking this September that more services necessary between Hong

Kong, Peking and Shanghai. But was not possible to agree details and this aroused some concern in Hong kong. Currently an imbalance in favour of Chinese airline, CAAC, who operate over 50 scheduled flights per week from China to Hong Kong, compared with 3 scheduled CPA flights to Shanghai and one British Airways scheduled flight and one CPA charter flight to Peking each week. Important that a fair agreement is reached at an early date, in particular a fair role for Cathay Pacific Airways.

His Objective

a) Possibly to warn against too rapid political evolution in Hong Kong.

b) Possibly to seek reassurance that the reduction of the garrison in Hong Kong from 5 to 4 battalions will not have an adverse effect on stability in Hong Kong and to establish whether the garrison will be further reduced in the run up to 1997.

c) Possibly to persuade us to reconsider our nomination of the Hong Kong Attorney General as one of 3 British recipients of Harold Weill medal.

Your Response

a) Must respond to widespread demand for greater degree of participation in government in Hong Kong. But moving very carefully, and seeking to build on existing institutions. Development so far entirely consistent with the principle of Hong Kong people governing Hong Kong. Believe what we are doing is likely to be positively helpful in long term to prosperity and stability, and to success of our joint enterprise.

b) Garrison only being reduced to its pre-1980 level. Extra Gurkha battalion raised as short-term measure because of the illegal immigration situation that prevailed at the time. Situation now no longer requires the extra men. You can rest assured that we shall fully carry out our responsibility to preserve Hong Kong's stability

/right

right up to 1997. [if pressed] No decisions on the long-term future of the garrison yet taken.

c) Kept Chinese informed of our intentions on Harold Weill Medal from the outset in hope of co-ordinating the level of official which both sides would nominate. My nominations sent to New York University in July. We would have been pleased if Chinese had put forward nominations of their own, but that is a matter for them. [If necessary: Mr Thomas put forward in recognition of his personal role, not because he is Hong kong Attorney-General. One of the legal specialists working behind the scenes on the Joint Declaration.]

Background

Joint Liaison Group (JLG)

JLG has met once in July (London) and due to meet again in November (Peking). Smooth start and agreement on some points (eg Hong Kong's future in Asian Development Bank). Land Commission has met four times in Hong Kong. Good progress.

GATT

At July JLG meeting we proposed that Hong Kong be deemed to be a separate contracting party to the GATT under GATT Article XXVI(5)c. Chinese worried this might be interpreted as move towards independence for Hong Kong. Worry misplaced, since GATT allows for non-sovereign entities to participate. They have expressed preference that Hong Kong should participate in the GATT under Chinese umbrella after 1 July 1977 in same way as she currently participates under UK umbrella. China is not yet a member of the GATT but is in the process of applying to join. This is likely to take some years: if the Chinese proposal were accepted, there would be delay and uncertainty: also possible that terms on which Hong Kong presently participates in GATT might become subject to renogitation as part of the package of terms to be negotiated for China's entry. Chinese have not rejected our proposals and prepared to consider further.

Air Services

At first round of talks in Peking both sides agreed need for additional capacity on Hong Kong/China routes, particularly Peking route. Hope to persuade Chinese to allow Cathay Pacific Airways (CPA) to operate scheduled services to Peking and Shanghai and would like to leave scope for other Hong Kong based airlines to operate routes to other Chinese cities. Chinese seem against idea of more than one Hong Kong based airline operating into China or to any Hong Kong based airline operating to destinations other than Peking and Shanghai. We are optimistic Chinese will accept CPA on the route to Peking. Hong Kong opinion concerned at the failure to reach agreement at the last round. Important that details are agreed at the next round.

Representational Government

First indirect elections to Legislative Council held on 26 September 1985 when 24 members out of a new Council of 56 were chosen. Elections went off well. Representatives chosen were well known and experienced in community affairs. Encouraging interest shown in the election by both the public and media. Review of system to be made in 1987 before next elections due in 1988. Although Chinese have been careful not to comment directly on the elections they remain suspicious of British motives over constitutional reform, tending to see the development of local political institutions as a nattempt by us to carry Hong Kong towards a more independent status than they are prepared to contemplate. In June Foreign Minister Wu Xueqian expressed concern about the pace of change to Sir Geoffrey Howe. Similar messages have been received through unofficial channels.

Garrison

The Hong Kong garrison was increased from 4 to 5 battalions in 1980 to help control a surge in illegal immigration at the time. An extra Gurkha battalion was raised specifically for the task. Now that the illegal immigration situation is no longer cause for concern, it was announced on 27 September that the garrison would be

reduced again to 4 battalions in 1987. The Chinese were informed of our decision in advance and have so far made no comment.

Harold Weill Medal

The Prime Minister has nominated Sir P Cradock, Mr Burrows (formerly FCO Legal Adviser) and Mr Thomas (Hong Kong Attorney General) as the three British recipients of the Harold Weill medal for part they played as officials with the legal background in Hong Kong Agreement. The medal is awarded by New York University; who wished to give it to participants from both sides. Chinese have objected to the inclusion amongst our nominees of a Hong Kong Government official. We have made it clear to the Chinese that we cannot change our nominations, and they have now said that they will not nominate anyone on their side.

Press Line

On Hong Kong, the two Prime Minister reviewed with satisfsaction the work conducted by the Joint Liaison Group and by the Land Commission since the entry into force of the Joint Declaration.

BRIEF No B2

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIIa: INTERNATIONAL ISSUES: EAST/WEST RELATIONS

Our Objectives

a) To exchange views on East/West relations.

b) To asure the Premier that the West is not intending to reach agreement with the Soviet Union on a balance of forces in the West at the expense of that in the East.

Arguments to Use

a) West making genuine efforts to improve relations with Soviet Union; believe more contacts lead to better understanding. Modicum of trust and confidence needed for progress on arms control.

b) US/Soviet summit in Novmeber. Opportunity to give impetus to negotiations on nuclear weapons, and to US/Soviet contacts at all levels. Lack of dialogue in recent years has damaged East/West confidence (but so equally has Soviet behaviour).

c) Gorbachev/Mitterrand summit marks latest stage in Soviet public relations campaign in run-up to meeting with President Reagan.

d) In spite of reasonable image, Gorbachev immersed in inflexibilities of Soviet system; no sign of change of substance in Soviet foreign policy eg in Afghanistan. West must therefore keep up guard and maintain pressure for change while working for broader dialogue.

e) Never expected swift changes in Soviet attitudes. Question remains whether Gorbachev sufficiently independent minded eventually to go for radical solutions and introduce new ideas, domestically or internationally.

/Arms

Arms Control

a) UK welcomes fact that Russians have made specific proposals at last. Will be able to build on some elements, but other aspects clearly unacceptable.

b) Basis now for real negotiations at Geneva.

c) 50% reduction plus 6,000 limit could offer way forward. Interesting that Russians begin to separate INF, but reversion to old Soviet definition of "strategic" deeply suspect.

d) Did not accept Soviet attempt to construct Euro-strategic balance: Soviet objective remains preventing NATO INF deployment and retaining LRINF monopoly in Europe.

e) Similar difficulties with aircraft and Far Eastern SS-20s. NATO will continue to work for equitable and verifiable nuclear arms reductions.

f) Fully aware of Chinese concern about Soviet military build-up in Far East. No objective justification for such build-up. Not our intention that any agreement with Russians in West should ahve adverse consequences for Chinese. Any thought of engaging in formal talks with Russians on force levels? (To be covered in normalisation talks).

g) (UK/Soviet talks proposal - if raised) Direct negotiations not acceptable: British position on need for US/Soviet reductions (and question of Soviet defensive capability) unchanged. British nucler forces minimum deterrent. But Uk will continue exchanges with Soviet Union about all issues affecting our security.

His Objectives

a) Premier Zhao may ask about Anglo-Soviet relations in the wake of explusions.

/Our

Our Response

a) Experience shows generally pays to be tough with Russians. Obviously relations clouded temporarily. Gordievsky defection and expulsions from London a severe setback to the KGB. Made clear ready to work for better relations, but not at cost of national security. Foreign Secretary had frank meeting with Shevardnadze here last month.

b) (Defensive) Soviet allegation that expulsions were pre-US summit sabotage nonsense. Timing dictated by intelligence officers. But Gordievsky has been useful reminder to others that Soviet Embassies contain large numbers of KGB agents.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIIb: INTERNATIONAL ISSUES: SINO/SOVIET RELATIONS

Our Objective

To seek Chinese views on prospects for relations.

Arguments to Use

a) Note continued increase in Sino/Soviet trade and contacts.

b) Any progress on political differences at this month's normalisation talks? Prospects for Soviet flexibility on "three obstacles"? Possibility of Sino/Soviet summit (Hu Yaobang/ Gorbachev?)

c) How far can economic cooperation develop without resolution of political issues?

His Objectives

a) To emphasise that Chinese preconditions for substantial improvement in politial relations are unchanged, and no immediate prospect of their being met.

b) To argue that growth in Sino/Soviet trade and economic cooperation should not cause concern to West.

Background

Normalisation of relations remains a priority for new Soviet leadership. Aim to offset and, if possible, limit development of China's links with the West. China also has interest in closer relations, to increase room for manoeuvre in relations with superpowers, and to offset presentationally China's far more substantive relationship with the US. Since accession of Gorbachev both sides have expressed publicly desire for progress; some minor

conciliatory gestures by Chinese (eg recognition of Soviet Union as as Socialist State). But Chinese continue to see Soviet Union as a major threat to their security.

Normalisation talks began in 1982, seventh round in Peking this month. No signs of progress so far on the three Chinese preconditions for substantially improved relations (Afghanistan; Cambodia; and Soviet force levels near the Chinese border). But Chinese have recently hinted that they may be prepared to accept step-by-step approach. Have said that removal of Vietnamese forces from Cambodia should be easiest for Russians, since Soviet forces not involved. Russians maintain that improvements in relations can not be at expense of interests of third countries.

Sino-Soviet contacts increasing rapidly however, particularly economic. Trade increased 73% in 1984 to US$1.2bn. Agreement to open Consulates in Shanghai and Leningrad. Chinese Vice-Premier Yao Yilin visited Moscow in July. Signed five-year trade agreement, allowing for US $3.7bn pa by 1990.

Rising trend will probably continue with further growth in trade and routine contacts, eg in education, science and technology, sport and culture. But significant progress in political relations unlikely. Chinese emphasised publicly that restoration of relations between the communist parties of China and the USSR not possible for foreseeable future although high level meetings could become more regular. Foreign Minsiters Shevardnadze and Wu Xueqian met in New York in September. There has been speculation about the possibility of a Sino-Soviet summit in the coming year.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIIc: INTERNATIONAL ISSUES: INDO-CHINA

Our Objectives

To seek Chinese assessment of Vietnamese/Soviet tactics in Cambodia, and reaffirm our support for firm ASEAN line.

Arguments to Use

a) Concern at continuing stalemate in Cambodia. Continue to support firm ASEAN line based on UN principles. No sign Vietnam softening its stance. Your assessment of Vietnamese tactics during coming dry season? Threat to Thailand?

b) Have agreed to co-sponsor this year's draft UNGA resolution tabled by ASEAN. Believe ASEAN's position at UNGA strong.

c) Continue to support aims of Cambodia resistance. Need for greter co-operation between factions. Disturbed by reports of clashes between non-Communist and Khmer Rouge. Know you back Khymer Rouge but Britons cannot forget their past record.

d) Any sign of Soviet pressure on Vietnam to soften its Cambodian policy?

e) How much of a threat do you consider Soviet military presence at Cam Ranh Bay/Da Nang?

His Objective

a) To explain Chinese perceptions of the Vietnamese threat/tactics.

b) (Possibly) To seek more direct UK assistance to the Cambodian resistance.

Our Response

UK bilateral humanitarian aid (£100,000 this financial year) to non-Communists in continuing. Not our policy to provide military aid. You are better placed to do so.

Background

China main backer of Cambodian resistance. Bulk of military assistance goes to Khmer Rouge, the strongest of the three factions. Recent repors of Khmer Rouge successes deep inside Cambodia. Khmer People's National Liberation Front (KPNLF) still in disarray. Need for greater co-operation and communication between factions. News last month of Pol Pot's "retirement" as military leader of Khmer Rouge welcomed by ASEANs and ourselves: might contribute to better Khmer Rouge image.

Thais' concern that Vietnamese incursions may become more serious during next dry season (November-May). Last dry season China failed to teach Vietnam a "second lesson". Sihanouk openly criticsed Peking. But China's military pressure on Vietnamese border continues.

China cites Vietnamese occupation of Cambodia s one of the three "obstacles" to improved Sino-Soviet relations. Vietnam depends on Soviet economic and militry aid (over US $1.2billion per annum). In return Soviets have military base facilities (Cam Ranh Bay and Da Nang) providing them with new strategic potential in the region. No sign that Russians prepared to put pressure on Vietnam over Cambodia.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIId: INTERNATIONAL ISSUES: SOUTH AFRICA AND NAMIBIA

Our Objective

a) On South Africa: to convince Chinese that UK sincerely wants end to apartheid, but that economic sanctions would be counter-productive.

b) On Namibia: to discourage Chinese from pressing for sanctions or radical proposals which would undermine possibility of a negotiated settlement.

Arguments

a) On South Africa: UK shares international objective of ending apartheid. Has endorsed Luxembourg measures. Clear political signal to South Africa. But firmly opposed to economic sanctions.

Economic sanctions will not change SAG's policies; indeed counter-productive. Damaging economy will increase black unemployment and worsen cycle of violence and repression: harm SA's neighbours: make peaceful progress less not more likely.

Must build on current moves towards reform. White community/ business addressing itself to change. International community must look for positive ways of encouraging this.

b) On Namibia: Negotiations offer only realistic way of achieving internationally - acceptable independence for Namibia. Must keep SAG locked into formal commitment to SCR 435. Must not close the door to further talks. We are privately pressing the South Africans hard for movement over Namibia.

/Tactical

Tactical Arguments

a) Mistake to split Security Council on issue of sanctions. Would only benefit supporters of apartheid.

His Objectives

a) On South Africa and Namibia: to argue for full UN mandatory economic sanctions.

Your Response

a) On South Africa: Sanctions will not achieve desired changes. Must look for more constructive ways of promoting reform.

b) On Namibia: Sanctions would cut across diplomatic efforts. Could give SAG excuse to break formal commitment to SCR 435. Would not make SAG grant Namibian independence; SAG aware that, whatever they did over Namibia, Security Council would not lift sanctions while apartheid issue remains unresolved.

Background

a) On South Africa: China takes its cue from the Non-Aligned and supports the call for mandatory UN sanctions against South Africa. It has not however, played an active role on the matter in the Security Council and we should want to discourage it from doing so.

b) On Namibia: UKMis New York consider that Non-Aligned will seek Security Council debate on Namibia in November to call for mandatory sanctions.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIIe: INTERNATIONAL ISSUES: MIDDLE EAST

Our Objectives

To encourage further support for King Hussein's initiative.

Arguments

Need to encourage step by step approch to settlement of Arab/Israel dispute. Importance of realistic initiatives from the region. Note Chinese sympathy for Jordanian efforts.

His Objectives

Perhaps to press for an early international conference.

Our Response

Agree to principle of an intenrational conference but need for gap between the parties to be reduced first.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IIIf: INTERNATIONAL ISSUES: FALKLANDS (if raised)

Our Objective

To explain our Falklands policy in advance of Premier Zhao's visit to Argentina in November.

Arguments to Use

a) We have made running in attempts to restore more normal relations with Argentina: Argentines failed to reciprocate lifting of trade restrictions or to respond constructively to our other initiatives.

b) Argenting insistence on discussion of sovereignty blocks progress.

c) Realistic way ahead is to pursue agreement on practical issues, setting sovereignty aside. As friend of Britain and Argentina, hope you can encourage more realistic approach.

Tactical Argument

Vote in favour of Argentine UNGA resolution supports Argentine position that Falkland Islanders should be denied right of self-determination, thereby denying fundamental UN principle.

His Objective

To argue in favour of Argentine call for resumption of negotiations on sovereignty, as peaceful solution to problem.

Our Response

a) Argentine position remains that negotiations must lead to transfer of sovereignty over Falklands to Argentina irrespective of

/Islanders'

Islanders' wishes. We stand by commitments to Islanders. Cannot act as if events of 1982 had not occurred.

b) Support for Argentine resolution merely encourages inflexibility and perpetuates current impasse.

Press Line

The Prime Minister and Premier Zhao discussed Britain's efforts to achieve more normal bilateral relations with Argentina.

Background

Premier Zhao is to visit Argentina from 5-9 November 1985.

China has consistently voted in favour of Argentrsine resolutions on the Falklands at the UNGA since 1982.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985
BILATERAL MEETING WITH ZHAO ZIYANG
IV: BIOGRAPHICAL NOTE: ZHAO ZIYANG (66)

Member of the Standing Committee of the Politbury. Premier. Minister of the State Commission for the Restructuring of the Economy. Head of the State Council leading group on Science nad Technology.

1919	Born in Hua County, Henan Province.
1938	Joined CCP
1938-49	Secretary of CCP Committees in the Hevei-Shandong-Henan areas.
1949	Began Praty work in Guangdong Province.
1955-67	Secretary of Guandgon provincial CCP Committee (from 1965 First Secretary).
1971-72	Secretary of Inner Mongolia Revolutionary Committee.
1972-75	Vice-Chairman from 1974 Chairman of the Guangdong Revolutionary Committee and Secretary of provincial CCP Committee.
1973 -	Member of the CCP Central Committee.
1975-80	First Secretary of Sichuan provincial CCP Committee, Chairman of the provincial Revolutionary Committee, First Political Commissar of Chengdu Military Region.
1977-79	Alternate member of the Politburo.
1979 -	Member of the Politburo.

1980 -	Member of the Standing Committee of the Politburo.
1980	Vice-Premier.
1980 -	Premier.
1981-82	Vice-Chairman of the CCP Central Committee.
1982	Minister of the State Commission for the Restructuring of the Economy.
1983	Head of the State Council leading group on Science and Technology.

Zhao Ziyang replaced Hu Guofeng as Premier in September 1980. He was then a comparative newcomer to national politics having spent the bulk of his career as a provincial administrator. At that level however he had served in the highest position in two of China's most important provinces.

Little is known of his early career. From 1949 until his dismissal in the Cultural Revolution he worked in Guangdong province, and is said to have specialised in agricultural policy, though he clearly went beyond this and by 1965 be had become First Secretary of Guangdong. He was transferred to Sichuan in 1976, and, after a sticky period in the first part of the year when he was criticised in wall posters for his association with Deng Xiaoping, his career really took off following the overthrow of the "Gang of Four". In 1977 he was elected an alternate member of the Politburo; he was promoted to full membership in December 1978, and in February 1980, on his transfer to Peking, was promoted again to membership of the Politburo's Standing Committee. Shortly after that he was made "Standing Vice Premier" (ie in charge of the day to day work of the government) which led directly to his appointment as Premier. In 1981 he gained a further Party promotion to Vice-Chairman of the Central Committee, ranking fourth in the leadership.

Zhao owes his position to Deng Xiaoping whom he impressed with his successful management of Sichuan province. He arrived in 1976 to

find its economy in a mess, having to import grain although traditionally one of China's most prolific agricultural areas. He swiftly reversed the situation. Many of the industrial and agricultural reforms he pioneered there have since become national models. But although he can obviously be counted amongst the reformers in the leadership, he has guided the implementation of reforms with prudence, being awre of the problems to which tthey give rise as well as the benefits.

Before becoming Premier, Zhao had had very little intenrational experience. He visited Yugoslavia, Romania and Iran in 1978 and led a delegation from Sichuan province to visit Britain, France and West Germany in 1979. Since September 1980 he hsa taken on a busy programme of meeting high level foreign visitors and has also made regular visits to foreign countries. He has recently made lengthy and well-publicised tours of Africa (1982-3), Australia and New Zealand (1983), the United States and Canada (1984) nad latterly Britain, W Germany and Holland (1985). He has emerged from these as a strong personality capable of speaking plainly but diplomatically.

He is married to Liang Boqi, who does not appear in public, and has 4 sons, 1 daughter and 3 grandchildren.

Together with Communist Party Secretary General Hu Yaobang, Zhao forms the kernel of the collective leadership that Deng Xiaoping is seeking to establilsh to ensure the continuing of his policies for China's development. He has grown in stature and authority, and in this respect he compares very favourably with Hu Yaobang. He has shown a particular interst in and grasp of the technological aspects of Chinese development, particularly computers. He has not been as inclined to promote his supporters into key positions as hs Hu Yaobang, and this, together with weak links with the military, may be a source of future vulnerability. It remains to be seen how well he will be able to work with Hu Yaobang when Deng Xiaoping departs from the scene.

Approximate pronunciation: Jao rhymes with cow
Zer rhymes with fur
Yang rhymes with bang

Form of address: Premier

PRIME MINISTER'S VISIT TO NEW YORK 23/24 OCTOBER
BILATERAL MEETING WITH MR PERES

Our Objectives

(a) To maintain our high-level dialogue with Israel as balance to our contacts with moderate Arabs.

(b) To reassure Israel of our commitment to its security and stress importance of continued efforts towards a negotiated peace settlement.

Arguments

(a) Important for us to keep closely in touch. Look forward to seeing you in January 1986 in London. Hope to visit Israel after that.

(b) Deplore terrorist attacks against Israelis. Need to break out of spiral of violence. Hussein deserves support. Invitation of Joint Delegation an attempt to improve atmosphere and secure clear statement of moderate Palestinian views. Outcome disappointing but need to keep up momentum.

Tactical Arguments

Continued cycle of violence will only make matters worse. Retaliation not the answer. Only an agreement backed by Jordan and supported by the majority of Palestinians will guarantee the security of Israel's borders.

Their Objectives

(a) To convince the Prime Minister that Israeli attacks on the PLO and refusal to talk to PLO representatives are justified, and that the only prospect for peace lies in direct talks with Jordan without the PLO.

(b) To reiterate Israeli concern about our arms sales to Saudi Arabia and Jordan, and perhaps to press for removal of our restrictions on arms sales to Israel.

Our Response

(a) The majority of Palestinians in the occupied territories regard the PLO as their legitimate representative. Need to encourage authentic Palestinian representatives to talk peace. Agree that negotiations cannot proceed unless PLO recognise Israel's right to exist. But there will be no peaceful settlement unless the Palestinians are brought into the peace process.

(b) Jordan and Saudi Arabia have a legitimate need for defence against external threat. Would not supply equipment which enhanced significantly offensive capability of any one state. We welcome the withdrawal of the bulk of Israel's forces from Lebanon. Recognise Israel's need for security on her northern border but do not believe that residual IDF presence and security zone will promote this. We are reviewing our restrictions on arms sales to Israel against this background.

Press Line

The Prime Minister met Mr Peres for 30 minutes. The talks focussed on the prospects for progress towards peace in the Middle East. The Prime Minister stressed the need to break out of the present cycle of violence and to support King Hussein's peace initiative. The Prime Minister welcomed the opportunity to continue Britain's high-level dialogue with Israel and looked forward to Mr Peres's official visit to Britain in the New Year.

Background

1. Mrs Thatcher met Mr Peres (then Defence Minister) in Israel in March 1976. She has not met him since he became Prime Minister in September 1984. She received Mr Shamir, the Israeli Vice-Premier and Foreign Minister, in June during his official visit to Britain. We have not yet announced dates for Mr Peres's visit to Britain (22/23 January).

2. We imposed restrictions on arms sales to Israel in June 1982 in direct response to the Israeli invasion of Lebanon. We have not been, and will not become, important arms suppliers to Israel. The Israelis are irritated by our restrictions because of the criticism they imply of Israel's policy in Lebanon.

BRIEF NO B.4

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY GENERAL

Contents:

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

I) CYPRUS

Our Objectives

a) to probe SG's game-plan in light of Greek Cypriot elections (December);

b) to re-emphasise our support for his initiative and importance we attach to early progress.

Arguments to Use

a) hope elections will not delay progress unduly;

b) we are prepared to help in whatever way we can;

c) we admire his resource and persistence.

Tactical Arguments (if required)

Kyprianou may be tempted to use elections to delay response to any further proposals. Important neither side misses opportunity SG has created. Election campaign may highlight need for realistic negotiation. Believe Ankara would like to see a settlement. Harder line coming out of Athens.

Secretary General's Objectives

a) to secure our commitment to helping him through difficult stage of initiative;

b) to use our influence with Kyprianou (and Denktash - directly or through Ankara) to discourage negative or dilatory attitude.

Our Response

a) and b) we are prepared to do all we can.

Press Line

The Prime Minister and Secretary General discussed progress on the Cyprus initiative. The Prime Minister made clear our continuing strong and active support for the Secretary-General's efforts. The Secretary-General expressed his appreciation of Britain's role.

BACKGROUND

1. Secretary-General launched current initiative in August 1984. Held high level meeting with Kyprianou and Denktash in January. Denktash accepted Secretary-General's framework proposals: Kyprianou did not, despite strong domestic pressure to do so. Decision undermined his position at home. Realized his mistake and accepted Secretary-General's revised text in April. But Denktash stalled, insisting first on "legislative" and "presidential" election in "TRNC".

2. Secretary-General saw both sides at UNGA. Believes differences between them now narrower than ever. Promised a third text by end October. But his plans could be upset by decision of Greek Cypriot House of Representatives on 10 October to bring forward elections to December (were due by September 1986). Decision forced by opposition who remain bitterly critical of Kyprianou's handling of Cyprus problem. Their aim is to get Kyprianou out.

3. Secretary-General now faces difficult choice: to produce a third text despite Cypriot elections or to delay until after December. The latter risks his initaitive losing momentum. Whatever he decides, Secretary-General will look to us for support. He was pleased with British contribution, as UNGA presidency, to the Security Council's statement on 21 September which supported his efforts.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

II) MIDDLE EAST

Our Objectives

a) Arab/Israel - to stress commitment to progress towards a balanced negotiated settlement;

b) Lebanon - to support continuing UN efforts to persuade Israel to withdraw her remaining forces from Lebanon and allow deployment of UNIFIL to border.

Arguments

a) support Hussein. Need for realistic initiatives from the region. Understand need for international conference cover for negotiations, but not until gap between parties reduced;

b) UNIFIL is playing a useful role: trusted by people of South Lebanon. But it cannot continue indefinitely on present unsatisfactory footing.

Secretary-General's Objectives

a) perhaps encourage support for an international conference;

b) perhaps to outline future UN contacts with the parties over UNIFIL.

Response

a) conference in itself would solve nothing. Need for more progress first;

b) reassure him that he can count on British support for UN diplomatic efforts.

BACKGROUND

1. King Hussein and President Reagan have agreed on need for direct negotiations under appropriate auspices - as yet undefined.

2. Sir Geoffrey Howe's meeting with a joint Palestinian/Jordanian delegation postponed after a Palestinian member of the delegation rejected an agreed statement recognising Israel's right to exist. The delegation then postponed a visit to Luxembourg scheduled for 16 October.

3. UNIFIL mandate expected to be renewed for a further six months on 17 October. It cannot be implemented in full because of continuing Israeli presence in South Lebanon. UNIFIL's interim task is to restore normality in its current areas of operation. Britain's assessed contribution reached £7 million in 1984/5: the cost of logistic support (rations and repairs) from Cyprus is abated from this.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

III) AFGHANISTAN

Our Objectives

To express support for SG's efforts; to discover SG's approach to the December round of talks; and to encourage SG to exert pressure on Russians over troop withdrawal.

Arguments to Use

1. Unprecedented numbers of civilian casualties reaching hospitals in Pakistan, new refugee exodus, make SG's search for peaceful settlement ever more important.

2. Soviet troop withdrawal key outstanding issue. Pakistan has agreed to text on 'non-interference'. Now for Soviet/Karmal regime to demonstrate commitment by negotiating timetable for troop withdrawal. Have Russians indicated willingness to address issue?

Tactical Arguments

1. Important for credibility of initiative to see real progress. Must not get diverted by false problems such as "direct" talks between Pakistan/Karmal regime. Completion of 3 out of 4 texts shows "indirect" format works.

2. Cannot expect one party to make all concessions. Need for balance.

Secretary-General's Objectives

a) to test our support for the initiative;

b) (possibly) to ask us to urge Pakistanis to be flexible.

Our Response

a) fully support your efforts;

b) Pakistan has already agreed to text on "non-interference". Urging further flexibility on Pakistan will not resolve key issue of troop withdrawal.

Press Line

Prime Minister expressed full support for SG's efforts to secure peaceful settlement on lines of UN Resolutions. Prime Minister and SG hope initiative will see rapid progress, particularly on agreement to timetable for the withdrawal of Soviet troops.

BACKGROUND

1. After August round of "indirect" talks, held in Geneva by SG's Personal Representative, Diego Cordovez, draft agreements on "non-interference", international guarantees and voluntary return of refugees virtually complete. Key text on 'inter-relationships' incorporating timetable for Soviet troop withdrawal yet to be negotiated: Russians/regime making Pakistani agreement to direct talks a precondition on withdrawal. No sign of Soviet flexibility.

2. Both SG and Cordovez have tendency to look to Pakistan for further flexibility, in order to keep initiative alive.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

IV) IRAN/IRAQ

Our Objectives

1. Reaffirm UK support for Secretary-General's effort to mediate.

Arguments to Use

2. Believe 8-point proposals put forward by Secretary-General during his visits to Baghdad and Tehran in the Spring best way forward.

Their Objectives

3. To explain why progress is difficult and to persuade UK to take more forward role.

Our Response

4. Must keep trying to find common ground. UK not well placed to lead but promotes role of UN Secretary-General whenever possible.

Press Line

5. UN Secretary-General has our full support in his efforts to bring about a peaceful solution to this tragic and wasteful conflict between Iran and Iraq.

BACKGROUND

Mediation

6. UN Secretary-General visited Tehran and Baghdad in April; afterwards proposed 8-point peace plan including: safe use of ports

and harbours, no attacks on shipping or civilian centres of population. But while Iraq seeks a comprehensive settlement, Iran prefers a step by step approach.

Attacks on Kharg Island

7. Iraq began air attacks on 15 August, mostly high level, causing little damage; but two low level attacks (15 August, 19 September) damaged facilities and substantially reduced, if temporarily, Iranian oil exports. These tactics are unlikely to force Iran to negotiate.

Interdiction of Shipping

8. Intensified Iranian policy of stopping and searching vessels. Some goods destined for Iraq confiscated. Difficult to contest legality of Iranian action in context of conflict.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

V) TERRORISM

Our Objectives

1. To report our aim of having a strengthened resolution on terrorism adopted at the General Assembly.

2. To emphasise importance of wider ratification of international conventions relating to terrorism and to urge Secretary-General to use his best efforts to this end.

3. To seek Secretary-General's support for renewed effort to find and free Alec Collet, the kidnapped (British) UNRWA official.

Arguments to Use

4. Particularly important in wake of recent spate of international incidents to see a strong UN resolution on terrorism adopted at this General Assembly. Encouraged by recent Presidential statement in Security Council.

5. Action needed as well as words of condemnation. Clear need for international conventions on terrorism to be widely ratified and strictly implemented.

6. Secretary-General's staff are no doubt doing as much as they possibly can to try to find Collett. So are we but remarkably few leads so far as to his whereabouts or fate.

Tactical Arguments

7. Congratulate Secretary-General on his strong speech at UN 40th Anniversary celebrations in San Francisco in June. ("Mere condemnation of such acts [of terrorism] is insufficient. Effective international action is

/required").

required"). Hope Secretary-General will be able to use his position to achieve greater consensus amongst UN members against terrorism in the form of a strong resolution this year and wider commitment to the existing framework of international conventions.

Press Line

8. Terrorism was discussed in the light of the recent spate of incidents and the continuing need for strong international action to deal with this serious problem. The Prime Minister re-affirmed the importance UK attached to ratification of the various international conventions relating to terrorism and the continuing need for effective, co-ordinated action in international arena, including the United Nations.

9. Both the Prime Minister and the Secretary-General agreed that every effort should be made to seek the release of Alec Collett, the UNRWA official kidnapped in March 1984.

BACKGROUND

10. Framework already exists for international co-operation against terrorism through international conventions covering aviation security (Tokyo, The Hague and Montreal), attacks on internationally protected persons and the convention covering the taking of hostages. These have found widespread but not universal acceptance. Effort now needed to persuade those states not party to the conventions to ratify them as a matter or urgency.

Collett

11. We have made a number of attempts to secure Collett's release since he was kidnapped in March 1984, most recently by asking the Syrians to help. Now considering what more we can do. Anxious to ensure that the United Nations is doing all it can since Collett is an UNRWA official.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

VI) DRUGS

UK Objectives

a) to emphasise to the Secretary-General the seriousness of the drugs problem for both developed and developing countries; to welcome his personal interest in the UN's activities in the drugs field; and to reaffirm British support for them (notably UN Commission on Narcotic Drugs and the UN Fund for Drug Abuse Control - UNFDAC);

b) to encourage SG in particular to put his personal weight behind the negotiation of a new UN Convention on drugs whose aims would be, inter alia, to improve control of drugs production, to promote better law enforcement against trafficking and to provide for the confiscation of the assets of traffickers;

c) to stress importance of co-ordination between the activities of the various international bodies involved in the drugs field;

d) to indicate support for the Secretary-General's proposal for a World Conference on drugs to be held in 1987; but to express concern that this conference should have clear achievable objectives and that its arrangements and funding should not detract from regular work or resources of existing drugs bodies.

Arguments to Use

a) the existing UN Conventions on drugs matters do not go far enough. In particular, they do not oblige member states to crack down sufficiently hard on traffickers nor to confiscate their assets. The negotiation of a Convention is no substitute

for action on the ground. But it will be a source of pressure on those member states where control is lax;

b) more international, multinational and regional bodies are becoming involved in drugs-related work. Summit 7 nations recently agreed to encourage involvement of other such organisations in providing financial assistance. Welcome this. But increases risk of duplication and dissipation of effort. UN need to take on co-ordinating role. The UN Commission on Narcotic drugs would be the most suitable body for this;

c) drug issues already widely discussed in international fora and are high on the agenda for all those countries which face drugs problems. The Conference should not provide just another forum for discussion. It must have clearly defined objectives and achieve practical results, eg (if timing right) final negotiation and adoption of new UN Drug Convention. We attach importance to work of existing UN drug bodies which are already hard-pressed. Danger that Conference will detract resources and manpower.

Secretary-General's Objectives

a) to secure UK support for world conference on drugs;

b) to secure further financial contributions to work of UN Fund for drug abuse control.

Your Response

a) we would welcome further clarification of aims and objectives of conference. What will it achieve? Prepared to offer our support. (But see (d) above). If it goes ahead must all work to ensure positive, practical results;

b) value work of UNFDAC. Have recently approved further contributions to projects in Pakistan (£2.4 million) and Latin-America (£1 million). Looking at possibility of further contributions in other areas.

BACKGROUND

a) World Conference - Secretary-General proposed World Conference for 1987 at last year's UNGA. Strongly supported by ASEAN and some Latin-American countries. Privately opposed by Venezuela, United States and Western European countries. Malaysians will table resolution on World Conference at this year's UNGA. Difficult to oppose openly. Must turn conference to best advantage and ensure practical achievable objectives;

b) New UN Convention - Venezuelan proposal at last year's UNGA. UN Commission for Narcotic Drugs tasked with producing a draft. UK and USA have made positive contributions. Much work still to be done.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

VII) SOUTHERN AFRICA

Our Objectives

South Africa

1. To emphasise Britain's commitment to fundamental change in South Africa; to explain our opposition to mandatory economic sanctions.

Namibia/Angola

2. To reaffirm UK's continuing commitment to achieving internationally acceptable independence for Namibia; to emphasise that economic sanctions would not help; to express concern at recent events in Angola which underline urgent need for regional settlement.

Arguments to Use

South Africa

3. Essential to maintain dialogue with SAG in order to urge it towards reform and negotiation with credible black leaders. Britain does this. Vast majority of UN countries merely preach from a distance.

4. Britain taking restrictive measures (UN Arms Embargo, Gleneagles Agreement) and positive measures (aid, Code of Conduct) to encourage internal forces for change.

5. But convinced economic sanctions counter-productive. Would reinforce laager mentality while harming blacks and South Africa's neighbours. International community must not worsen cycle of violence/repression. Should be no illusions about quick solution.

Namibia/Angola

6. UK continues to press SAG to grant Namibia genuine independence on basis of UN Plan. Have made clear that we will not recognise any alternative which does not have support of international community.

7. Latest SADF incursions into Angola and recent escalation of Soviet military involvement there - both matters for serious concern - underline need for regional settlement. No military solution possible. Negotiation only realistic path.

Tactical Arguments

South Africa

8. Moves in Security Council that might attract a UK/US veto will only weaken UN's influence.

Namibia/Angola

9. Sanctions could give the SAG an excuse to break its formal commitment to the UN Plan and to opt instead for an internal settlement in Namibia.

Secretary-General's Objectives

South Africa

10. To emphasise strong feelings about South Africa in the UN. Suggest limited sanctions would have useful psychological effect. Britain out of step.

Namibia/Angola

11. To seek ways of speeding up implementation of SCR 435, primarily through increased Western pressure on SAG.

Your Response

South Africa

12. Understand deep concern in UN. Britain has major interests in South Africa. Must choose policy appropriate to our circumstances. Political/diplomatic pressure has had some effect. Business organisations now adding their weight. South African Government

uncertain. But confrontation now would encourage reactionary forces. Must consider serious effects of economic sanctions for whole region. Believe measures we have agreed and adopted with Community Partners have sent clear signal to Pretoria.

Namibia/Angola

13. South African insistence on arrangement over Cubans makes a regional settlement most realistic prospect of implementing the UN Plan. Urgent need for talks to resume. UK pressing South Africans and other parties hard over this.

BACKGROUND

South Africa

14. Many Non-Aligned states have called in UN General Assembly for mandatory sanctions. Australia (Security Council Presidency in November) has indicated willingness to work for limited mandatory sanctions resolution. US (Shultz) still privately confirming opposition to UN mandatory sanctions. (But a question mark remains).

Namibia/Angola

UN Aspects

15. Security Council adopted SCR 566 on 19 June calling for consideration of Chapter VII sanctions if SAG continued to obstruct implementation of SCR 435 (UK and US abstained). UKMis New York expect Non-Aligned to seek further SC debate on Namibia (probably in November) to call for mandatory sanctions.

US Negotiations

16. US-led negotiations on Cuban withdrawal were suspended by Angola in July after US Congress voted in favour of repealing 1976 Clark Amendment (banning US military assistance to UNITA). SAG have recently said they wish talks to resume and have told US privately they might now be prepared to accept US "synthesis paper" setting out timetable for Cuban withdrawal, linked to implementation of SCR 435.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER 1985

MEETING WITH UN SECRETARY-GENERAL

VIII) FALKLANDS/ARGENTINA
[DEFENSIVE ONLY]

Our Objectives

1. To persuade the Secretary General that Argentine intransigence blocks progress towards better bilateral relations.

Arguments

2. We have made consistent efforts to normalise relations. Argentine Government has failed to respond constructively. (Eg lifting of import ban).

3. Argentina still fails to acknowledge basic UN principle of self-determination for Islanders. Views of Islanders - direct victims of aggression in 1982 - cannot be ignored.

4. Argentine calls for negotiations on sovereignty unrealistic only 3 years after conflict. Need is to restore confidence through agreement on practical measures of mutual benefit.

Secretary-General's Objective

5. (Possibly) to persuade the Prime Minister to agree to negotiations as proposed by Argentina with an "open agenda" or "without preconditions".

Your Response

6. Euphemism for negotiations on sovereignty. In Argentine view these must result in its transfer to Argentina irrespective of views of Islanders.

Press Line

7. The Prime Minister and the Secretary General discussed UK-Argentine relations.

PEREZ DE CUELLAR, JAVIER

Secretary-General of the United Nations since 1 January 1982.

Peruvian. Born 1920 in Lima. Graduated from the Law Faculty of the Catholic University, Lima in 1943. Joined the Peruvian Diplomatic Service in 1944 and was a member of the Peruvian delegation to the first session of the General Assembly in 1946. Subsequently served in the Peruvian Embassies in Paris, London, La Paz and Rio.

1961-64: Ministry of External Relations, Lima (successively Director of Administration, Director of Protocol and Political Director).

1964-66: Ambassador in Berne.

1966-69: Secretary-General (ie PUS) of the Ministry of External Relations, Lima.

1969-71: Peruvian Ambassador in Moscow (and concurrently Warsaw).

1971-75: Permanent Representative at the UN (President of the Security Council during the 1974 Cyprus crisis).

October 1975-December 1977: Secretary-General's Special Representative in Cyprus.

December 1977-February 1979: Peruvian Ambassador in Caracas.

February 1979: appointed UN Under-Secretary-General for Special Political Affairs.

He was additionally appointed the Secretary-General's Personal Representative for Afghanistan in 1980 and also represented the Secretary-General at the Rhodesian independence elections. He resigned as Under-Secretary General on 31 May 1981, but remained Waldheim's Personal Representative for Afghanistan. He was then nominated as Peruvian Ambassador in Brasilia but his appointment became a political issue in the Peruvian Parliament, where the Senate rejected it on the grounds that he had continued in office as Secretary-General at the Foreign Ministry when President Belaunde was overthrown by Velasco in a military coup in October 1968 and had been present at the swearing-in ceremony of Velasco and his government. He finally left the active service of the Peruvian government in October 1981.

In the 1981 contest for the Secretary-Generalship of the United Nations, the only declared candidates initially were Kurt Waldheim and Salim Salim (Foreign Minister of Tanzania). The Peruvian government lobbied intensively for Perez de Cuellar as a compromise candidate in the event of deadlock between Waldheim and Salim, but Perez de Cuellar himself stayed quietly in his tent outside Lima, a tactic which won him points over the other potential compromise candidates who were visible and active in New York. When Waldheim and Salim finally agreed to withdraw from the contest, and thus made way for new candidates, the Russians immediately made clear that Perez de Cuellar was the only one of the latter whom they were prepared to accept. (He had been largely responsible for the improvement in relations with the Soviet Union after the Velasco coup and was Peru's first Ambassador in Moscow.) In the subsequent ballot in the Security Council he received the necessary nine votes and no vetoes. His nearest rival, Saddrudin Aga Khan, gained ten votes but was vetoed by the Russians.

Perez de Cuellar is an exceedingly able diplomat. He is quite non-Latin in temperament, being self-effacing and modest. Unlike his predecessor as Secretary-General, he shuns the limelight and thinks hard and carefully before acting. For public consumption (and to safeguard his independence) he has consistently maintained that he does not want to serve more than one five-year term. His true intentions are not known. He has found the job frustrating, and will almost certainly decline to campaign for a second term; but it is assumed by those close to him that he will agree to be drafted if the Permanent Members ask him to continue. He regards his service in London and Paris as his formative years and professes special admiration for the institutions and traditions of the UK; he is always eager to visit London. He played a central role in attempts to negotiate a peaceful solution to the Falklands crisis in the first half of 1982. He brought considerable professionalism and skill to this thankless task and was scrupulously impartial. It was not his fault that his efforts failed.

Perez de Cuellar is conscious both of the delicacy and the potential importance of his position. He is almost certainly willing to take a strong stand if it is necessary or if it is likely to lead to success. In such circumstances he might well be willing to disoblige the Soviets: he is a true Democrat and distrusts them. Moreover, he wishes to make a mark as Secretary-General and to leave the office stronger than he received it. But he is cautious about being propelled into the firing line with possible consequent damage to his authority.

He speaks perfect French. His English is less good and he does not always understand what is said, especially in a conversation involving two or more native English speakers. This is a point to be borne in mind. His spoken English is better but his lack of nuance has frequently let him down when fielding questions from the media.

His first marriage, by which he had two children, ended in divorce. His second wife, is Marcela Temple de Perez de Cuellar (a Peruvian lady whose father is of British origin) – see separate entry.

PRIME MINISTER'S VISIT TO NEW YORK, 23-24 OCTOBER

UN MATTERS BACKGROUND ONLY (ISSUES NOT COVERED IN BRIEF NO B4)

UN 40TH ANNIVERSARY

1. The 40th Anniversary of the coming into force of the UN Charter falls on 24 October (UN Day). The Charter was signed on 26 June 1946 in San Francisco. The first General Assembly was held in Central Hall, Westminster on 10 January 1947. The theme of the anniversary is "the United Nations for a better world". Over 60 Heads of State and Government are expected to address the commemorative session of the UN General Assembly from 14-24 October. The morning session of 24 October will be the penultimate meeting of this session, with speeches probably by President Reagan, Rajiv Gandhi and the Prime Minister. The final session on the afternoon of 24 October will be addressed by the President of the General Assembly, Sr Don Jaime de Pinies (Spanish Permanent Representative) and the Secretary-General. This meeting will adopt a special declaration, and the proclamation of 1986 as the International Year of Peace (both texts are still under negotiation).

GENERAL ASSEMBLY

2. The 40th UN General Assembly opened on 18 September. The Foreign Secretary attended from 23-27 September. He delivered the UK statement in the general debate (25 September) and chaired a commemorative session of the Security Council held at Foreign Minister level (26 September). There are some 140 items on the Agenda. The session normally ends around Christmas.

3. The major debates will only get underway after the 40th Anniversary commemoration. Southern Africa (Brief B4) will inevitably feature strongly, and with the Reagan-Gorbachev summit will probably be the dominant underlying influence on this year's debates. Other debates of importance will be those on the Middle East (Brief B4), Afghanistan (Brief B4) and Cambodia (paragraphs 4-6 below). The last two debates provide important non-aligned endorsement for the Western point of view. We may find it

harder this year to maintain abstentions on the Falklands resolution (Brief B4) if the Argentines table a softer text (the debate is fixed for 26 November). International Debt (paragraphs 7-10 below) and Antarctica (paragraphs 11-12 below) may also be a problem. Recent events may however enable us to secure a stronger resolution on terrorism (Brief B4).

Cambodia

4. Each year ASEAN tables a draft General Assembly "Situation in Kampuchea" resolution based on principles of 1981 UN-sponsored International Conference on Kampuchea. As in past years we have agreed to co-sponsor current text. Last year's adopted by largest majority to date (110-22-18). Unlikely that support for this year's resolution will be much eroded, despite Vietnam's military successes during last dry season offensive. Debate due 4 November.

5. At UNGA, Credentials Committee has for a number of years recommended acceptance of credentials of Democratic Kampuchea for Cambodia's seat. UK policy is to support Committee's recommendation. Credentials Committee recommendation last challenged in 1982, when amendment was overwhelmingly rejected (90-29-26). UK representative, explaining our vote, said that we had no intention of contributing to re-establishment of Pol Pot regime from which UK withdrew formal recognition in 1979. Reports suggest Vietnam unlikely to prompt a challenge on Cambodia credentials this year.

UN Relief on Thai/Cambodian border

6. UK continues to contribute to international relief in support of Khmer population (230,000) in evacuation sites just inside Thailand. We contributed £850,000 during FY 1984/85; this year have provided £550,000 to UN Border Relief Operation which is experiencing cash difficulties.

DEBT/DEVELOPING COUNTRY ISSUES

7. Developing countries are divided on what they want to achieve from UN dialogue, and on how best to negotiate with the developed countries. But they are united in concern at perceived developed country withdrawal from multilateralism. G77 have called for a special session of the General Assembly (GA) on the critical economic situation in Africa and for an international conference on African debt. Difficult to see what these could achieve. We would prefer to see any conference on Africa held within the framework of existing meetings (eg GA, ECOSOC). Indians continue to push a proposal for international conferences on North/South dialogue, international monetary reform, but without much support. We continue to believe that such conferences would not contribute to overcoming problems.

8. The UN Review and Appraisal of implementation of the International Development Strategy (IDS) was completed on 24 September with adoption of Review Document by consensus. Agreed conclusions represent delicate balance of interests: we protected ours and resisted standard G77 pressure for increased donor commitments. Tortuous process over last eighteeen months demonstrates limitation of so-called global solutions.

9. The mid-term global review of the UNCTAD Substantial New Programme of Action for LDCs (SNPA) ended on 12 October, adopting by consensus recommendations for future implementation. In general the outcome causes no problems for donors. As a practical tool is too diffuse and fails to focus on a limited number of priority issues. In most areas LDCs have reluctantly accepted the need for policy change but LDC disappointment at lack of new commitments was evident.

10. Outcome of IMF/IBRD meetings should be helpful for debtors. Welcome development in US policy on debt, especially over the role of the World Bank. While still refusing to accept any commitment

to a General Capital Increase for the World Bank as such, US did accept that "the Bank should not be constrained by lack of capital or borrowing authority in meeting future demands". Increased World Bank lending would particularly benefit Latin American debtors. Poorest countries would benefit from agreement that IMF Trust Fund monies should be used to provide additional balance of payments assistance on concessional terms to the poorest. General support expressed at meetings for adequate level of replenishment of IDA 8, which would also benefit poorest.

ANTARCTICA

11. Antarctic Treaty (1959) entered into force 1961. Duration limited but open to review after 1991. Applies to area South of 60°S. Objectivies to demilitarise and denuclearise area; to set aside sovereignty disputes; to promote scientific research; and to protect environment. Argentina, Australia, Belgium, Brazil, Chile, China, France, Federal Republic of Germany, India, Japan, New Zealand, Norway, Poland, South Africa, USSR, UK, USA and Uruguay are Consultative Parties (full members). Fourteen other states have acceded to the Treaty.

12. Since 1982 Malaysia has campaigned at the UN to have Antarctica declared "Common Heritage of Mankind"; has attacked Treaty system as "exclusive" and "secretive" and has sought to replace it by some forn of UN control. The Consultative Parties have countered this, pointing to Treaty's achievements in pursuit of its objectives; to the dangers of UN unravelling an existing and useful international agreement; and too invalidity of "Common Heritage" argument (of outer space, deep seabed) given existing sovereignty claims (including UK's). At 1984 UNGA, UN Secretary-General produced satisfactory report underlining value and benefits of Treaty system. In ensuing debate, Malaysia failed to gain widespread Third World support against Treaty or to call halt to minerals negotiations. Item appears on 1985 agenda. To date main support for Malaysia has come from Antigua and Barbuda, Bangladesh, Ghana, Mauritius, Pakistan and Sierra Leone.

UNESCO

13. United States withdrew from UNESCO at end of 1984. At this time UK gave notice of withdrawal at end of 1985 unless reforms in organisation were achieved. British concerns centre around need for better value for money, less politicisation, more action- and less study-oriented programmes, more financial stringency and better management. These aspirations shared by most Western and many developing countries.

14. Some progress has been made this year, but this must be confirmed and built on at General Conference (now meeting in Sofia until 12 November 1985). Decision on UK membership will be taken in the light of its results.

UN CONTRIBUTIONS

15. In an amendment tabled by Senator Kassebaum to the State Department appropriations, the US Senate has instructed the US Government to seek changes in the UN practice so that voting rights on UN financial matters should be weighted in proportion to the size of Members UN contributions. The amendment recommended that the US Government should reduce its maximum share of any UN budget from 25% to 20% from 1987 if such weighted voting was not introduced. President Reagan signed this legislation in August. The State Department is currently considering how to implement it. The Kassebaum Amendment would also affect the budgets of the UN specialised agencies. Weighted voting, even if limited to budgetary matters would require Charter-amendment and will be politically difficult to achieve. But there is a precedent in the recent arrangements for UNIDO (The United Nations Industrial Development Organisation).

17. UN contributions are fixed on the basis of size of GNP. The US pays by far the largest share. This is held down to a ceiling of 25% by General Assembly resolution (if fixed according to GNP its share would be about 28%). The UK contribution, the sixth largest

after the US; USSR; Japan; FRG and France, is currently 4.67% (£25 million estimated for 85/86).

FOREIGN AND COMMONWEALTH OFFICE

Foreign and Commonwealth Office

London SW1A 2AH

15 October 1985

Prime Minister

CDP

21/X

Dear Charles,

Summit Seven Lunch, 24 October

I enclose a brief for the Prime Minister's use at the meeting and dinner which President Reagan is giving for Summit Seven Heads of Government on 24 October. All the invited Heads of State and Government except President Mitterrand have accepted; France will not be represented. Neither the European Commission nor the EC Presidency was invited. The format will probably be Heads of Government plus one note-taker each, with whispered interpretation: Mr Shultz is likely to accompany President Reagan. We are still waiting for final confirmation of the detailed practical arrangements.

There is no precedent for this meeting. Foreign Ministers of the Seven have in the last two years met in the margins of the UN General Assembly for informal discussion of foreign policy issues. But Heads of State and Government have never before met outside the framework of the annual economic summits. This has aroused serious misgivings on the part of the French, who do not like the impression of a US-led Directoire that they feel is being created: hence their absence. It has also aroused predictable criticism from the smaller members of NATO although Mr Shultz's planned meeting with the North Atlantic Council in Brussels on 15 October should help to assuage that. The Seven are not a decision-taking or executive body in the field of defence, arms control, or East/West relations; nor would we wish them to become such. It will therefore be important to maintain the informal nature of the gathering. This will need to be reflected in the press briefing. There will be no communique or agreed statement. A suggested public line for the Prime Minister to use as necessary (eg at her own press conference at 6 pm that day) is attached.

I enclose briefing in the form of key points to make on arms control issues, with background documents both on them and on the Reagan/Gorbachev summit. We assume that the Prime Minister is likely to want to make a fairly early intervention in

/response

response to President Reagan's opening statement. Thereafter the Prime Minister will wish to speak as necessary to achieve our two main objectives for this meeting: to give President Reagan Allied support in the run-up to his meeting with Mr Gorbachev, while ensuring that he has taken on board British and wider European interests.

If further developments require the briefing to be updated we shall do this by courier to CHOGM or by telegram. We also intend to supply, on a contingency basis, some supplementary briefing on debt, trade and perhaps terrorism. This will reach the Prime Minister's party for the weekend of 19/20 October.

I am copying this letter to Michael Stark (Cabinet Office).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

1) Arms Control
2) Middle East & Regional
3) Human Rights area
4) Bilateral

SUMMIT SEVEN MEETING, NEW YORK: 24 OCTOBER

SPEAKING NOTE
(For use in response to President Reagan's presentation).

1. Prospect of real arms control, for first time in number of years. Tribute to Western negotiating stance, and steadiness of nerve. Continued support for US position crucial.

2. Deep cuts in offensive forces first priority. While many Soviet proposals unacceptable, others can be exploited. Delinking of INF basket (from other two) encouraging step, though substantive obstacles in way of INF agreement unchanged.

3. Have brought Gorbachev to water, now make him drink. Now launched on negotiation, will only be able to resist further movement if can justify on ground of US obduracy. Hence timely US counter-proposals vital.

4. But cuts have to be measured against future development of strategic balance. No absolute requirement to accept now constraints on SDI. Essential points that research continues (Soviets appear to have accepted that some research legitimate) and future decisions, if BMD feasible, not compromised. But ABM system testing as such banned by Treaty. Clarification and reaffirmation of ABM Treaty would provide short-term basis of stability.

5. Predictability needed in shape and size of both offensive and defensive forces. Prime aim of arms control to enhance stability. Prospect of unpredictable growth destabilizing. Essential therefore to achieve agreement with Soviet Union on shape and permissible time-scales of future work on defences which would provide such predictability.

6. Soviet non-compliance, as set out by US, cause for deep concern. But many areas subject to loop-holes in previous agreements. Should not confuse legal obligations with political understandings. Trust US will continue to hew to current treaties. Possible drawbacks far outweighed by benefits.

7. But need underlined:
i) to ensure maximum care in drafting of new agreements; and
ii) to enhance verification measures. Increasing sophistication of weapons requires more rigorous measures than simple NTMs. Soviet indication of readiness to consider this of much interest. Hope US will pursue vigorously.

8. Welcome current consultations; US set high standards for past 5 years. Helped to ensure Western solidarity, vital to negotiating strength. Note continuing process eg Shultz/Weinberger statement that "Extensive discussions with our Allies would take place prior to any future decision to move beyond [SDI] research to development and deployment". Model statement of US intentions.

9. Hope present meeting not to focus exclusively on public handling. So far balanced, Western public opinion/media responsive. But no room for complacency. Should

i) not overexcite public expectations;
ii) deny Gorbachev propaganda initiative he obviously seeks;
iii) provide sense of Western determination to register new and far-reaching achievement;
iv) indicate readiness to be flexible, with substantive counter-proposals, so long as essential Western interests preserved.

10. [If required] Gorbachev offer of direct talks with UK and

France on own systems a prime example of megaphone diplomacy. HMG's position well-known, soundly based. Never said never, but radical cuts in super-power arsenals first priority. See no scope for UK/Soviet negotiations in present circumstances, though present dialogue on nuclear issues to continue.

Background Papers

1. Prime Minister's letter to President Reagan of 12 September.

2. Secretary of State's minute to Prime Minister of 6 September, covering Strategy Paper for Geneva.

3. Private Secretary's letter to Mr Powell of 27 September, with arms control briefing.

4. Private Secretary's letter to Mr Powell of 4 October, with preliminary analysis of Soviet 27 September proposals.

PRESS LINE FOR THE PRIME MINISTER

SUMMIT SEVEN LUNCH, 24 OCTOBER

Line to Take

Valuable exchange of views on East/West and arms control issues, as President Reagan prepares for his summit meeting with Mr Gorbachev.

Defensive

1. Exclusive meeting/wrong forum? Sensible to take advantage of presence of leaders in New York today to have an informal discussion.

2. French absence? Ask them.

3. Objections of other NATO members? Mr Shultz consulted the North Atlantic Council on 15 October.

4. Other subjects covered? None. [Refer as appropriate to President Reagan's remarks to the press.]

5. US/Europe disagreements? No. President Reagan knows that he has the full support of all of us as he meets Mr Gorbachev.

10 DOWNING STREET

THE PRIME MINISTER

12 September 1985

DSG 083/46

Dear Ron,

I promised to let you have my thoughts on your forthcoming meeting with Gorbachev. Since you will be having a first round with Shevardnadze later this month, it may be best to give you my views now. From what I hear, they may not coincide with all the advice you are getting from your own people. But I think you would expect me to give my own views nonetheless!

As we both expected, Gorbachev is showing himself to be a deft operator. He is playing western public opinion skilfully and for all it's worth. The "Time" interview is just one example. And his performance is spoiled only by the arrogance which he cannot always conceal.

His purpose is, of course, to set opinion in Europe against the United States, to give the impression that the Soviet Union is full of initiatives and original ideas while the United States is flat-footed and unimaginative. After years of deadbeat performances by the Soviet Union on the public relations front, we must not under-estimate the vulnerability of our own public opinion to Gorbachev's more skilful tactics. But it is essential that we should not let him make all the running. Otherwise public attitudes to and expectations from the meeting itself will be irreversibly tilted against you: and this in turn will affect the way in which its results are interpreted. We must - and this is

something for all western governments - counter Gorbachev's campaign.

But that is only part of what is needed. It is even more important that the United States should show that it has appealing proposals of its own on which you will be prepared to begin the process of negotiation when you and Gorbachev meet. This point goes right to the heart of my perception of your meeting and I should like to spend some time on it.

Clearly we must not build up your first meeting with Gorbachev as a climactic event which will at a stroke cut through the main East/West problems. That way lies certain disappointment. The differences are too profound. But it would be no less a mistake, in my view, to approach it with ambitions that are too modest. I am troubled, in particular, by the notion which is gaining ground that you see the meeting as little more than a "getting to know you" session, whose only other task will be to set an agenda for future work.

It is important that you should take the measure of Gorbachev and his style. It is even more important that he should get the full flavour of your sincerity and seriousness of purpose, the West's greatest single asset. But a meeting limited to this will not satisfy public opinion in Europe that the United States has made a really serious effort to achieve forward movement in East/West relations. If the meeting is to be judged a success, it must give a specific and measurable impetus to negotiations on a wide range of issues, above all arms control. This will mean getting into the substance of the issues. This is not just as a matter of presentation. I believe that the pressures, particularly those of resource allocation, on Gorbachev to advance negotiations on arms control are a good deal stronger than he would have us believe. There may be genuine prospects of useful progress provided that we maintain Western cohesion and, at the same time, show that we are serious in seeking balanced agreements. It remains to be seen whether he wants to, or could, deliver

against the entrenched interests in the Soviet Union. We should put him to the test.

I very much hope therefore that you will feel able to put forward concrete and specific proposals in Geneva. On arms control, you will certainly want to explain to him personally the rationale behind your Strategic Defence Initiative. I would hope that you would also, basing yourself on the four points which we agreed at Camp David, be prepared to put to him proposals on the place of strategic defence in relation to offensive forces and arms control. The key element would of course be deep cuts in offensive weapons. The proposals might also cover the clarification of activities which are permitted and prohibited under the ABM Treaty, commitments not to enter particular phases of defensive programmes before certain specific dates, and a dialogue on the relationship between offensive and defensive forces in the longer term. You might hold out too the prospect of a reaffirmation of the ABM Treaty, incorporating a longer period of notice of termination, as part of a package embracing deep cuts in offensive weapons. Thus in the immediate future both sides would agree to an interim framework of restraint on strategic offensive forces as you have suggested; we would maintain and strengthen the existing arms control regime while building a better one for the future. An approach of this kind would not constrain your longer term freedom of manoeuvre on defensive systems, when the way forward on the SDI will be clearer in the light of the research programme.

I believe that agreement in principle on proposals on these lines would enable your talks with Gorbachev to unlock the door to progress in the detailed arms control talks. But I also believe that progress will be maintained only if there is direction from the top by you and Gorbachev and that, for this purpose, you should be thinking in terms of a further meeting at your level within a reasonable time.

I hope that you would also be able to review prospects in

other arms control negotiations, above all chemical weapons about which you know I am particularly concerned. Even if it is not realistic to expect a breakthrough in these areas, it will be a chance for you to bring home to Gorbachev the importance we attach to serious negotiations leading to results; and to bring home to the public that it is the Soviet Union which is reluctant to control or abolish these weapons.

I am sure you will want to raise human rights. Gorbachev showed in London that when confronted with particular human rights issues (including individual cases) he could get tough. We found he reacted most often by hitting back with allegedly bad features of life in the West. This can too easily lead to an argument about the fundamentals of our two systems, or the trading of particular accusations, neither of which in my own experience is likely to get us anywhere in terms of better Soviet behaviour. I found the best tactic was to concentrate instead on putting across to Gorbachev two parallel convictions.

- that we in the West are not in the business of undermining the Soviet state. As I put it to him, we do not see his system through rose-tinted spectacles, but we know we have to live with it in a single world;

- nevertheless, human rights in the Soviet Union are our business: not just because both East and West have committed themselves to them at Helsinki: but also because justice at home is more likely to produce stability and responsible behaviour abroad. Our people, on whose beliefs our democratic foreign policy is founded, will continue to demand progress on these matters and the Soviet leadership have to reckon with the force of public opinion in free democratic societies.

I welcome your intention to discuss regional issues. I am sure you will stress in particular how strongly we all feel about Afghanistan. It is high time the Russians did their

part now to unblock progress towards a settlement: and a timetable for withdrawing their forces is the key. A gesture here would be highly significant for the whole of East-West relations.

This has become a longer message than I intended. And I certainly don't want you to feel that I am lecturing (perish the thought)! These matters are immensely important and difficult to judge. But I am convinced that we must stop Gorbachev's propaganda bandwagon from gaining too much speed before your meeting by making clear now that the US is utterly serious about making the maximum progress at Geneva; and that we must set clear goals for the meeting itself with which our people on both sides of the Atlantic can identify, and by which they can measure the meeting's success.

I should be very ready to discuss these points more fully with Bud McFarlane if you were able to spare him for a day or so to come over as my guest. In the meantime I send you warmest best wishes and my fullest support in the very demanding tasks which you face. We could not have a better or braver champion.

Warm regards

Yours ever

Margaret

The President of the United States of America

CONFIDENTIAL

ACDD

cc PS
PS/Mr Ryder
PS/Mr Rutland
PS/PUS
PS/Lady Young
Mr Duart
Mr Goodall
Mr. Derek Thomas
Mr. Alston
Soviet Dept
NAD
Planning Staff
News Dept
PT, 10/9

DSG 083/35.

PM/85/79

PRIME MINISTER

Geneva Arms Control Talks: Western Strategy

1. My Private Secretary has written separately in response to the request in your Private Secretary's letter of 31 July for a draft message which you might send to President Reagan on the handling of the November Summit.

2. As explained in that letter, the prospects of concrete arms control agreements emerging from the November Summit are not at present good. I therefore believe that we should be cautious about pressing specific ideas about the arms control negotiations on the US Administration at this stage. But, as you yourself told Secretary Weinberger in Washington last July, we must still look to the Summit to provide the Geneva negotiations with a fresh impetus. At the least, the Summit may produce agreement on further high-level meetings designed to advance the Geneva talks. It is therefore in my view none too soon to consider how we can best influence the process in a direction helpful to our interests, and how to make the best of our on-going exchanges with the Americans on this subject.

3. Against this background, I asked officials to work up some ideas which might be developed in the course of Alliance consultations about the Geneva negotiations. The attached paper, which has been prepared in consultation with MOD officials, and with whose thrust I understand Michael Heseltine to be generally content, builds upon thinking which was initially reflected in the briefing prepared for your visits to Washington in December and February and later elaborated in further contacts with the Americans. It is not a blueprint for a US/Soviet agreement,

/ rather

rather a quarry of negotiating possibilities which can be drawn upon in briefing for future exchanges over the coming months. The suggestions made in the paper, if pursued by the Americans, would certainly help to impel the negotiations in the direction of the longer-term strategy we hope to see them develop.

4. The paper does not address the separate chemical weapons ban negotiations in Geneva. Officials have as instructed been discussing with the Americans the major problem of the contentious Article X of the US draft Treaty. Resistance on the part of the US Department of Defence to any amendment to the present US concept of "no refusal" inspection has meant little progress has been made. I may need to consult you at a later stage if the impasse, which has blocked possible progress at Geneva, continues. But at this stage I do not believe a specific reference to this point in your message to the President is merited.

5. I am sending a copy of this minute to Michael Heseltine and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
6 September 1985

GENEVA ARMS CONTROL TALKS : WESTERN STRATEGY

Introduction

1. This paper addresses the state-of-play in the current Geneva talks, and suggests an approach over the coming months which would be consistent with Western interests and could assist the negotiations to make progress. It reflects and tries to elaborate upon ideas which have already been addressed in bilateral contacts with the Americans, both at Ministerial and official level. There is an obvious limit to the extent to which even the closest Allies can exert a decisive influence over US strategy. Nonetheless, the following points are put forward as a starting-point for further consultations with them, and perhaps other close Allies.

CURRENT POSITION

2. The strategic balance has altered since the SALT I agreement was signed. The shift has been in favour of the Soviet Union, although the US continues to lead in some significant areas. The extent of this change should not be exaggerrated. The Scowcroft Report of 1983 recognised, and President Reagan agreed, that there was no immediate danger to strategic stability, and concern about the vulnerability of US ICBM forces was alleviated by the fact that the Soviet Union could not eliminate US ICBM fields, submarines and bomber bases simultaneously. The Report recognised at the same time the importance of modernisation programmes, in order to strengthen all three legs of the US strategic triad.

3. New and complex issues have been introduced into the strategic equation in recent years, notably the long-range cruise missile (particularly when based on submarine platforms) and the mobile ICBM. Both will need addressing in the new round of strategic arms talks. Nonetheless, while in 1983 the positions of the two super-powers in a START negotiation were ostensibly far apart, possible avenues of accommodation between them could even then be identified. Recent developments suggest that there remain real chances for progress in this area. In the field of intermediate-range nuclear forces (INF), such relative optimism would not be easily justified. The Soviet Union apparently remains wedded to the principle that they will not accept the stationing of

new US missiles of this type in Europe.

4. The renewed emphasis on ballistic missile defences as a factor in the strategic equation, engendered by the SDI and concern about Soviet research, has imposed a qualitative change on the traditional debate, and added a special complication. Although radical restructuring of the forces on either side would take many years, the notion of sharp cuts in current offensive forces is now accepted at least in principle by both sides. But it is most unlikely that either would accept such cuts so long as the future of strategic defences is allowed to run free. And US insistence on deep offensive reductions is matched by their present determination to accept no long-term constraints on SDI research.

5. A wider and more basic problem is the enduring difference between US and Soviet perceptions. The US continue to see a need to redress the long-standing Soviet advantage in a particular type of strategic forces (ICBMs), while seeking to avoid tight constraints on new technologies in which they still lead over the Soviet Union. On the other hand, having made strenuous and largely successful efforts to catch up with the Americans over the past two decades, the basic Soviet interest could now be said to be the maintenance of the status quo in terms of the strategic balance.

6. There is a further aspect to this difference between US and Soviet perceptions. Their time-scales for decision-making on procurement of new weapons systems have never been identical and continue to be out of step. It has become progressively harder to identify a moment at which successful talks could codify a de facto balance, especially when the factors relevant to any agreement have increased in complexity and sensitivity. Each side perceives itself as about to be overtaken by the other, and as a result sets in motion a series of procurement decisions whose results only become evident in a number of years. Such decisions are generally irrevocable, but in the meantime they serve as an impetus to the other side to take another step down the modernisation track.

SOVIET/US VIEWS

7. Currently the Soviet leaders appear dedicated to two main objectives: the constraint of the US technological potential to develop strategic defences, and limits on new US offensive forces. At this stage the Russians show no signs of having decided to negotiate seriously. For the time being they probably see sufficient potential to undermine US positions by playing on weaknesses in Alliance unity and by mobilising public pressure both from Europeans and within the US through a mixture of public negotiating "initiatives" and attacks on US policy. An eye-catching move in connection with the November Summit, which could include elements of genuine attraction to the US, cannot be excluded; but this is likely to stop short of providing a real breakthrough at Geneva. Soviet thinking will continue to reflect security over-insurance and conservative military assumptions. They will want to ensure that any steps towards the US taken in order to achieve constraints on SDI will not seriously jeapordise key elements in their offensive weapons modernisation programme.

8. In Washington the Administration and the President remain firmly committed to pursuing the arms control track. Nonetheless, recent evidence of what the Americans perceive as Soviet non-compliance with their arms control obligations gives them cause for serious concern, not least because of the apparent Soviet unwillingness to address Western anxieties seriously (although there have been some signs of readiness to justify how they abide by the rules through limited discussion in the SCC). The issue has been elevated into a debate within Washington about the future of arms control, with some wishing to use the debate to destroy the whole process, especially as it applies to the ABM Treaty and the SALT agreements. The President's decision on 10 June to stay within current constraints does not mean the end of the battle, which is likely to flare up again just before the Summit in November. Any attempt to impose firm constraints on future US offensive deployments and, more sensitive, the further evolution of strategic defences will meet with stern opposition. The Administration have stated that they will not accept a Soviet veto on such programmes, although this is not the same as refusing an agreed series of constraints; and of course the attitude of future US Administrations cannot reliably be

forecast. So long as the Russians show few signs of interest in substantive discussions, however, there will be little US disposition to grapple with the tough issues which a more flexible negotiating position for Geneva would involve.

PROSPECTS

9. Against this background the present prospects for success at Geneva are not encouraging. There has until now been no reason to argue for the US to give thought to new negotiating positions, let alone to launch new US initiatives. Public pressure remains at a low level, and a significant shift in negotiating positions would have been inappropriate. The immediate priority has been to maintain Alliance cohesion in the face of Soviet propaganda tactics. They should not be allowed to force constraints on the West away from the negotiating table.

10. Nonetheless, a new negotiating concept takes time to develop. If the US is to be able to move swiftly when the moment is ripe with the prospect of full Allied support, then it is no longer premature to start injecting into US thinking some more detailed ideas for ways in which the negotiations could usefully develop. Such an approach has to recognise that the US alone is at the negotiating table: but that the outcome of the negotiations will profoundly affect the strategic interests of the Allies.

11. The answer may lie in a deliberate effort

(i) to limit the duration of arms control agreements,

(ii) expand the scope of agreements in terms of weapons and of forces covered; but

(iii) to avoid linkage between agreements unless demonstrably essential and/or advantageous to the West.

The arms control process has always struggled to catch up with technological developments, which continually overtake agreements and render them increasingly irrelevant. To recognise that arms control and technology must interact is both realistic and may point a useful way ahead. If such an approach is adopted (and it has already been hinted as the most fruitful approach by some senior US

officials) it could be composed of the following elements.

NEGOTIATING POSSIBILITIES

12. An interim regime could be constructed to incorporate further constraints on offensive forces, beyond those already imposed by the present SALT agreements. Such a core agreement might last for perhaps the next decade. It would be based on a compromise between the US requirement for reductions in throwweight and numbers of warheads, and the original Soviet insistence on limiting only launchers. Signs of Soviet and US flexibility on such a compromise are beginning to emerge. The agreement would also need to:

- address future modernisation programmes (perhaps through one of the variations on the approach known as "build-down", where old systems are replaced by fewer but better systems);

- establish acceptable conditions for ICBM mobility;

- address the long-range cruise missile problem;

- achieve reduced levels of LRINF forces on each side.

Such an agreement could be represented as establishing "an interim framework of truly mutual restraint on strategic offensive arms" the terms in which President Reagan defined near-term US aims in his 10 June statement on SALT limits.

13. The existing regime of restraints should be maintained over the same period. This would need to contain some important sub-elements:

(a) a continuing commitment would be needed to maintain the SALT regime and its accompanying limitations, coupled with a vigorous effort to resolve compliance issues through co-operation within the US/Soviet bilateral Special Consultative Committee (SCC). The US readiness to follow this path until now is most welcome and should be encouraged;

(b) Particular care should be taken to keep underreview one item of special military significance - the mobile ICBM (exemplified in the case of the Soviet Union by the SS-X 25 and of the US by the proposed Midgetman). The timetable for the introduction of both systems may conceivably make it possible to accomodate them within future reductions, although the more advanced Soviet development of the SS-X-25 will make a direct balance hard to negotiate. The effect upon the strategic balance and upon strategic stability of mobile systems (which reduce the threat to each side of a successful first strike by the other) needs to be weighed against the military disadvantages of the targetting difficulties to which such systems give rise;

(c) the ABM Treaty should continue to be given full political support and its erosion prevented. This would involve in particular a clarification of the borderline between research and development (in terms of the Treaty); and the meaning of critical but ambiguous terms such as "an ABM component", "an ABM sub-component" and "testing in an ABM mode". Further understandings might also be necessary on the potential ABM applications of surface-to-air missiles (SAMs) or anti-tactical ballistic missiles (ATBMs). The purpose of this activity would be on the one hand to constrain a Soviet potential for the rapid extension of conventional ABM systems; and to establish on the other the basis for a clear distinction between the research and development phases of both the SDI and the equivalent Soviet programme.

(d) A further and useful elaboration of this concept would involve commitments not to enter particular phases of defensive programmes before certain specified dates. An extension to 5 years of the period of notice required to withdraw from the Treaty has been canvassed as a means of reaffirming the stability of the Treaty regime. This seems likely to run into determined opposition in Washington. Nonetheless, if agreed arrangements were reached to govern offensive and defensive developments over a significant period of time, it should not prove impossible to secure at least informal agreement on such

an extension.

14. In summary, the aim would be to establish an element of predictability, in terms of possible defensive developments, against which offensive force deployments and programme decisions must be matched over the next decade. The key point here is not to try to establish any form of formal constraint which would foreclose US options to proceed further with defensive developments within their own timescales, ie the mid-1990s onwards; but to achieve sufficient inhibitions to allow room for offensive reductions to take place in the meantime against the background of the predictable shape and scope of future defences. The net result would be to allow research to continue on both sides on defensive possibilities, while establishing an equitable balance of offensive forces over the next decade; in other words, to achieve the objective the US Administration proclaims: preservation of stable deterrence based on a mix of offensive force reductions now and the possibility of defensive deployments in the longer-term future.

15. Finally, a further attempt should be made to reach some sort of negotiated agreement on the testing and deployment of anti-satellite (ASAT) systems, and in particular a ban on high level ASATs. Earlier studies by UK officials concluded that there could well be advantage to the West in the sort of time-limited agreements covering certain elements of anti-satellite activity which could complement a broader regime covering both offensive and strategic defensive forces. Their continued development puts at risk the present key strategic assets (in the form of communications and surveillance satellites) on which the security of both sides rests. There is admittedly a difficulty in ASAT constraints, in that there is a degree of complementarity between ASAT and BMD systems. Nonetheless, the relevant time-scales for deployment differ sufficiently to allow for an interim measure of constraint on the former without jeapordising the prospects for developing the latter. ASATs are already deployed by the Soviet Union; and likely to be shortly deployed by the US. An agreement which limited

both sides to the present or predicted deployments over a time-scale of the next decade and banned the testing or deployment of high-level ASATs over a similar, extendable period, would introduce an element of both stability and predictability, which could only be helpful to the preservation of stable deterrence.

(3)

Foreign and Commonwealth Office

London SW1A 2AH

27 September 1985

Dear Charles,

Talks with Mr McFarlane: Arms Control

The Prime Minister will no doubt wish to discuss with Mr McFarlane the arms control element of the US/Soviet Summit. In doing so she could perhaps seek to influence the US approach to the Summit along the lines of her message to President Reagan of 12 September; to encourage the President to inject a new impetus into the Geneva negotiations; and to forestall any inclination on the US side to allow the future of the SDI to block progress. For his part, Mr McFarlane will no doubt wish to brief the Prime Minister on US preparations for the Summit and, perhaps, to play down the significance of the President's remarks at his press conference on 17 September.

The thrust of the Prime Minister's earlier message was to sound a note of caution, which will have been endorsed in Washington, about the effect on Western public opinion of current Soviet initiatives and the apparently more reasonable approach by Gorbachev. She urged the need for the Summit to inject a new impetus in the Geneva talks, and made a number of concrete suggestions. These included the need:

- to seek deep cuts in offensive weapons; to reaffirm and to clarify the ABM Treaty;

- to instil an element of predictability into the future strategic balance, taking account of defensive developments but not imposing definitive constraints upon them;

- to initiate a long-term dialogue on the relationship between offensive and defensive forces in order to encourage this predictability;

- and to seek progress in the chemical weapons negotiations.

The President's reply was set in a rather broader context and did not address these specific points. However, he expressed optimism that the Summit could set in motion the resolution of specific problems. He reaffirmed his determination not to endanger the SDI which he described as

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"vital to our arms control efforts and our hopes for a better, safer future"; and he agreed about the risk of the Russians exploiting any appearance of Western divisions in this and other security areas.

At his 17 September press conference (text attached), the President spoke in terms which offer some encouragement for progress at the Summit. But in his comments on the SDI he seemed less flexible than he has been in recent months. He underlined his wish to eliminate nuclear weapons as a result of SDI deployments, thus moving away from deterrence by the threat of retaliation towards deterrence by denial of the objectives of attack. He described the SDI as too important to be a bargaining chip, and claimed that no only research but development and testing (specifically banned by the ABM Treaty) were all legitimate. He also spoke of negotiations on the SDI at some later stage as acceptable, but apparently in the context of how rather than whether defensive systems should be deployed.

The most recent development has been a message from the Americans indicating that a new Soviet proposal may be on the way, but that the seriousness of Soviet intentions still requires further concrete proof. The latest assessment from our Embassy in Washington is that the US negotiating team at Geneva have taken no new instructions with them, on the grounds that the ball is in the Soviet court and there is sufficient flexibility already in the US position. The general view in Washington is that there is little prospect of any new progress in the third round of the talks; and that success at the Summit will depend on Soviet proposals. The overall forecast is generally pessimistic about progress there, especially in the light of the President's remarks at his press conference.

Mr McFarlane himself has been more active in recent months making public his own views, notably in a well-publicised speech in California on 19 August, at the end of which he spoke of the need to do more than seek small improvements from the Soviet Union, and implied there would be much value in making major changes in the overall relationship. In other comments he has reaffirmed his personal view that the SDI has intrinsic value in the new strategic situation created by the Soviet build-up over the past decade. He believes that build-up has upset the strategic balance and that there would be very considerable problems in terms of Western domestic politics in redressing this by further increases or improvements in offensive weapons. Coupled with the advent of new technology which may make defences more feasible, the SDI therefore appears to him to offer the prospect of a way out from this increasingly uncomfortable position for the West. (In background comments to the press he recently described NATO's strategy as "surreal"). In addition, his own personal loyalty to the President is undoubtedly a factor in his support for the Research programme.

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As the Prime Minister knows, the fundamental difficulty at Geneva will be the task of persuading the Russians to agree to cuts in offensive forces while not conceding so much to their opposition on SDI that even the Research Programme is constrained. The President's latest public comments will make this circle even harder to square. But the fundamental argument about strategic predictability and the relationship between offensive and defensive forces is worth repeating.

SDI may or may not, at some distant point in the future, be shown to work. It may not need to work fully, in order to enhance deterrence. Clearly in the foreseeable future its only chance of working even imperfectly (as Mr Nitze has recognised) is if defensive systems face decreasing rather than increasing numbers of offensive forces. The Soviet Union however will be no more willing than would the US to accept radical cuts in offensive forces until/unless they have a much clearer idea of the shape of defensive systems over the next decade(s).

The sort of dialogue on the offence/defence relationship which the Americans are pushing at Geneva will not be sufficient for these purposes. What the Russians (and the Americans) will need is a firm, legal commitment by both sides to specified limits on defensive developments over a given period. This does not mean constraining the SDI research programme, which according to US projections is not designed to produce results requiring steps beyond research for perhaps another decade. During this period, however, sticking to the ABM Treaty carries added importance because that Treaty can provide the framework of defensive predictability which is essential to offensive cuts.

A further point which the Prime Minister may wish to bear in mind is the danger that the Summit will not, as widely expected, lead to a further meeting at which more specific agreements may prove possible. Instead, the Russians, faced with a bland but inflexible US position, may conclude that they can afford to wait until the next President is elected, and in the meantime increase the pressures on Western public opinion. Such a waiting period would not only be dangerously divisive and destabilising for the Alliance; it would also remove the opportunity which President Reagan may now have to reach an historic and forward-looking agreement with the Soviet Union.

Against that background we suggest that the Prime Minister might draw on the following points in her discussion with Mr McFarlane:

(i) she might welcome the President's reply to her message: it demonstrates that we see the prospects and potential for the Summit in very much the same light. We noted with interest and encouragement Mr McFarlane's recent prediction that there were "very good prospects" of reaching an arms control agreement in the coming year;

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(ii) We are not suggesting that SDI research should be reduced to a bargaining chip at Geneva, in the sense that it would then be abandoned. As has been repeatedly made clear since the Camp David meeting last December, we continue to support the research programme as a counter to Soviet efforts.

(iii) Nonetheless, we are concerned that the US should not miss the opportunity offered by the Summit to put forward and to reach agreement on bold and concrete proposals, including the place of SDI in relation to offensive forces and arms control. It is clear that the research programme will continue to play a crucial role in determining the relationship between offensive and defensive forces, and thus in dictating the extent of movement possible at Geneva.

(iv) It therefore seems to us desirable, and probably essential, to establish with the Russians at Geneva the way in which research on both sides may continue within the limits of present treaty obligations. The key element will be to establish the essential degree of predictability in developments of defensive forces against which offensive arms reductions can be matched.

(v) The concrete proposals put forward in my letter to the President were intended to offer the basis for a sensible way ahead, and I hope that he will feel able to act upon them. The Russians are being driven off their untenable position which denies the permissibility of research, and this in itself represents a step forward. At the same time, the extent of permissible research still requires further clarification. This must be addressed in the context of ensuring confidence in Soviet compliance.

In subsequent discussion the Prime Minister may wish to reaffirm her agreement with the President that "nothing could more undercut our prospects for success than for Gorbachev to sense that we are divided". We have always seen a direct link between Soviet preparedness to negotiate seriously at Geneva and allied cohesion. However, that cohesion is also directly dependent on discipline and consistency in public utterances, a point we have urged consistently in public utterances, a point we have urged consistently on other Allies. The Four Points of Camp David and the US statement of 4 June on the SDI have pointed us in very much the right direction. It is important not to undercut the basic Western position, including the need to strengthen deterrence,by reverting to more contentious language.

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It therefore came as something of a disappointment to us that in his 17 September press conference the President appeared to revert to the total elimination of nuclear weapons as a prime objective of the SDI. In our view it is simply unrealistic to expect the SDI to obviate the need for nuclear deterrence for the foreseeable future, although we do accept the legitimacy of trying to remove the threat of aggression in the context of general disarmament. We were also concerned at the President's description of SDI development and testing as "a legitimate part of research". As Mr McFarlane will know, development and testing are specifically banned by the ABM Treaty. All this points up the importance of public and policy utterances being wholly consistent with the President's previously expressed desire, which we fully share, to see the Treaty strengthened and its erosion prevented.

In addition, the Prime Minister may wish to underline her concern about progress in the CW negotiations. These have remained stagnant for the past year, largely because of Soviet refusal to negotiate seriously which they can reasonably justify to other parties by pointing to the unacceptable nature of the US proposals for challenge inspection (Article X, "no refusal"). We have put new ideas to Washington on this, but it will require a high-level political decision to drive the Pentagon off their attachment to the present text.

In his message of 25 September, the President has asked for the Prime Minister's views on MBFR. A substantive reply to the message will be submitted next week but there may be further inter-agency discussion, possibly involving Mr McFarlane, in the meantime. We believe that Mr Shultz broadly favours the proposal put to him by the Foreign Secretary and Herr Genscher, but the Pentagon are arguing against movement. There is evidence from the course of earlier decision-making in Washington on MBFR that the President attaches particular weight to the Prime Minister's own views, from her political perspective, on the desirability of movement in this technical negotiation. It could be helpful to the outcome of our initiative if the Prime Minister could tell Mr McFarlane that she was fully aware of, and gives her support to, the Anglo-German proposal. She might add that we believe it to be fully consistent with Western security interests but that MBFR also needs to be considered in a broader political context. She is very grateful to the President for the opportunity to contribute to the development of the US position and hopes to reply substantively early next week.

On handling the Russians, there is one point the Prime Minister might re-emphasise: the need to cover human rights questions without vitiating the atmosphere of the talks as a whole. On 22 September, McFarlane gave a TV interview to which he said that human rights issues "will remain high, in fact, the leading issue on our agenda". The phraseology was

/probably

probably accidental, but it is unfortunate. The Prime Minister might refer to her advice to Reagan to tackle the subject in a measured way, making clear that raising human rights is not an attempt to undermine the Soviet system.

If McFarlane asks about the Foreign Secretary's meeting with Shevardnadze, the Prime Minister might say that in the circumstances it went as well as it could have done, and that both sides agreed they had said "what they had to" on expulsions.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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107

Foreign and Commonwealth Office

London SW1A 2AH

4 October 1985

DSG 083/35

Mr. Holloway

Dear Charles,

Geneva Talks: Soviet Counter-Proposals

In his speech in Paris yesterday suggesting dialogue with France and Britain on nuclear weapons reductions, Mr Gorbachev also indicated that the Geneva linkage between all three elements under negotiation might no longer apply to the INF basket. In addition, he revealed the broad outline of the Soviet proposals tabled in Geneva on 30 September/1 October. The US have now provided us with a more detailed account of these "counter-proposals" (the US term). And the Soviet Charge called at the FCO today to hand over the text of Mr Gorbachev's remarks suggesting dialogue, with the request that they be drawn to the Prime Minister's attention. I enclose a copy of Paris telegram No 836, which contains the complete text.

The main elements in the Soviet proposals, as conveyed earlier this week and last to the Americans, are set out at Annex A. We shall be preparing, in coordination with MOD, a full assessment as soon as documents and all the details are available from Geneva.

On strategic defence, the Soviet position appears ambiguous. It is not clear whether the Russians have in fact conceded that laboratory research is permissible, as Gorbachev hinted in his Time interview, or whether they are still insisting on a blanket ban. The initial State Department assessment (largely on the basis of Mr Gorbachev' letter to the President) is that the Russians have conceded the permissibility of laboratory research.

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On offensive weapons, Soviet counting methodology remains unacceptable. They have gone all the way back to their original definition of strategic systems as those which can hit the other side's territory, rather than continuing to work (as they did under SALT) on the basis of defining such systems as those over 550km range. This allows them to include US LRINF, and carrier-based and other medium range aircraft, whilst excluding their own systems of a similar type. The Soviet counting rules also refer to nuclear charges, not warheads. This is a standard Soviet term but it could, for instance, enable them to equate free-fall bombs with MIRVed warheads and thus to distort the overall balance. Further analysis will be needed to establish how far the Soviet Union would be forced to constrain its own ICBM force as a result of a 60% limit on any one leg of the strategic triad; and whether in that case there would be any improvement from the US point of view in the present imbalance in throwweight.

The situation in INF remains unclear. The Russians seem to be offering two options:

(a) to merge the two sets of negotiations (START and INF), but to constrain further US deployments of INF; or

(b) to equate totals of Soviet INF missiles with UK and French strategic nuclear forces.

The first option seems to concede the principle that US INF deployments are permissible. The second option restates their previous position.

There are a number of elements in the Soviet proposals which are obviously unacceptable: these include not only their counting methodology but also the moratoria on INF deployments and nuclear testing. On the other hand, there may on detailed analysis and as a result of further contacts in Geneva turn out to be positive factors as well. It is in any case a step forward that the Russians have now come up with specific figures. And the fact that they have called for reductions in offensive forces as extensive as 50% might make it easier for the Americans to consider the sort of limited restraints on SDI deployment which the Prime Minister has canvassed.

The French have turned down the Gorbachev offer of dialogue on nuclear reductions, stressing that French forces are not comparable to Soviet forces. For our part, the offer on the face of it does not require us to alter our basic approach, set out in the Foreign Secretary's speech to the UNGA in September 1983. Nonetheless the current Gorbachev thesis, that British and French systems cannot be ignored at a time when major reductions by the superpowers are being negotiated, and his offer of dialogue, will both strike a favourable chord with public opinion. The Foreign Secretary is clear that we should avoid being bounced into a definitive reaction; he will offer advice on a response to the Soviet proposal after consultation with Allies, particularly the US and the French.

/We

We must evidently beware of giving the Russians any more room to exploit one of their two INF options (paragraph 5(b) above): their attempt to exclude US forces from Europe by establishing a Euro-balance of their own INF against UK and French strategic systems. For the time being we can rest on our UNGA conditions. Whilst dialogue on the terms the Soviets propose and which are designed to drive a wedge between Western Europe and the US would not be acceptable, the possibility of a deeper dialogue at the bilateral level on nuclear issues need not be ruled out.

The Foreign Secretary believes that the need for flexibility in the US position at Geneva in the run-up to the Reagan/Gorbachev meeting may before long need to be re-emphasised. This could be done in reply to the message which Mr Shultz sent him on 29 September (copy enclosed): he would clear the reply with the Prime Minister in draft. Although the Americans have done very well in keeping us informed and have reacted with admirable public restraint to the Soviet counter-proposals, Western opinion is unlikely to remain steady unless a real effort is seen to be made to engage Gorbachev in a substantive negotiation on defensive systems as well as offensive nuclear weapons.

I am copying this letter to Richard Mottram (MOD) and Michael Stark in the Cabinet Office.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

(revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 14

FROM:

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

ANNEX A

SUMMARY OF SOVIET PROPOSALS TABLED IN GENEVA ON 30 SEPTEMBER AND 1 OCTOBER

- Ban development ("including scientific research") testing, and deployment of "space strike arms".

- Freeze the numbers of existing nuclear weapons, and limit their modernisation.

- Implement a 50% reduction in each side's nuclear delivery vehicles capable of striking the territory of the US and USSR. That is, ICBMs, SLBMs, heavy bombers, and, on the US side, medium range aircraft and missiles, and carrier-based aircraft. According to Soviet figures, as of 1 September 1985, the Soviet Union have 2504 accountable systems and the US have 3364 which they itemize as 2215 ICBMs, SLBMs, and heavy bombers, 209 medium-range missiles, 380 medium-range aircraft in

Enclosures—flag(s).....

Europe and Asia and 560 carrier-based aircraft. Soviet calculations indicate a 50% reduction would result in Strategic Nuclear Delivery Systems (SNDV) limits for the USSR of 1250 and for the US of 1680.

- Permit a maximum aggregate of 6000 "Nuclear charges" on the permitted delivery vehicles.

- Permit no more than 60% of the permitted charges on any one component (ICBMs, SLBMs, or "delivery aircraft").

- A ban on all new types of ballistic missile. Not clear which US and Soviet modernisations this would affect.

- As a confidence building measure, remove from "combat alert" and dismantle a percentage of the number of nuclear systems existing on a specific date, which could include 200 or 300 ICBMs.

- Ban all cruise missiles, including ALCMs, with ranges greater than 600 km.

- Halt deployment of US and Soviet medium-range systems, followed by the deepest possible reductions in medium-range systems.

- Refrain from deploying any nuclear arms on the territories of states where none now exist. Refrain from

building up the stockpiles, or replacing with new weapons nuclear arms in countries where such weapons are already deployed.

- Establish a mutual moratorium on nuclear testing "until other states' actions are clarified".

- Verification: the Soviet Union would consider US proposals to "augment" current verification capabilities provided by National Technical Means (NTMs).

- Krasnoyarsk: US experts could inspect the radar when it became operational. Not clear whether this would allow inspection of the software.

- ASATs: no specific proposals.

SH/MH

SUMMIT SEVEN: 24 OCTOBER

TERRORISM

1 Since the French will not be present, no point in reopening the question of extending the mandate for Summit Seven work on terrorism (discussed by Seven Foreign Ministers on 25 September).

Defensive

MILITARY ACTION

2 President Reagan might seek endorsement of US action over the Achille Lauro hijackers from Summit Seven partners, as well as a blank cheque for the use of American military means to resolve terrorist incidents again in future. Prime Minister might emphasise that while we are determined that everything possible should be done to bring terrorists to justice, each case must be taken on its merits. Britain will work actively with allies to combat terrorism. We gave a strong

lead on this at CHOGM. But force must always be a last resort.

SEVEN MANDATE (only if raised)

3 Summit Seven Ministers agreed at New York on 25 September that terrorism experts should look at case for widening existing mandates for consultation/cooperation in the Summit group. Aim now should be to get this followed through. UK would like to see early meeting of experts - with the French there as well.

Security Coordination
Department
17 October 1985

SUMMIT SEVEN : 24 OCTOBER

TRADE: NEW GATT ROUND

POINTS TO MAKE

1. Welcome US support for open trading systems in President Reagan's Trade Policy Address.

2. November GATT meeting must agree launch.

3. Should continue to persuade opponents that

- break-up of open trading system, if no new round, would be disastrous, most of all to them.

- services now 20% of world trade and must in some way be brought within the system.

ESSENTIAL FACTS

1. September/October GATT session agreed to set up preparatory process.

- India/Brazil still opposed to inclusion of services and therefore blocking launch.

- France (not present) and Italy preventing EC from putting pressure on opponents of new round as US would prefer.

- Ensuring trend towards bilateral approach by Americans: real danger of US losing interest if no agreement on launch at November GATT session:

- President Reagan's Trade Policy Address of 23 September supported open world trading system but made references also to 'fair trade' implying reciprocity.

- GS Plaza Agreement involved US recognition of adverse impact of high dollar but US budget deficit still creating major imbalances.

2. For further background see attached copy of brief for bilateral with President Reagan.

D26AAH

PRIME MINISTER'S BILATERAL WITH PRESIDENT REAGAN

EC/US TRADE RELATIONS

POINTS TO MAKE

1. EC/US relations at very sensitive stage.

- Welcomed your robust defence of free trade in Trade Policy Statement on 23 September: hope it will have desired effect of containing protectionist upsurge in Congress.
- EC determined to play full role in resisting protectionist pressures, and helping US Administration to do so.
- But aggressive moves against EC by US in trade field will make it hard for EC to sustain this position, or continue promoting new GATT round consensus.
- Unilateral US action (e.g on citrus, or steel) will inevitably lead to EC retaliation.
- Hope that US trade negotiators will work with Commission to find solution to whole package of outstanding issues: important to see EC-US trade relations in the round and not as disconnected problems.

ESSENTIAL FACTS

1. Commission exploring possible outlines of general package agreement on outstanding EC/US issues, including:

- Citrus/Pasta: US claim EC Mediterranean preferences impair US citrus trade - will retaliate if no agreement by 31 October - EC threaten immediate counter-retaliation: Commission seeking postponement of deadline to allow overall solution to be reached.

- Steel: new Carbon Steel (export restraint) Arrangement must be concluded by 31 October: main UK concern is access for semi-finished products for BSC's Alabama joint venture.

- Wheat Export Subsidies: US allege that EC subsidies helped EC increase share of world market from 8% (early 1970s) to 16% (1984/5): specious argument - EC market share risen only slightly since 1980/81, while US's fell from 44% to 37%: suggests high dollar to blame.

- EC will counter US GATT action with similar move on US agricultural export enhancement scheme.

SUMMIT SEVEN 24 OCTOBER

International Economic Issues

Commend Baker initiative on debt at Seoul meetings - IMF/IBRD meetings generally useful - agreement on IMF Trust Fund, negotiating timetable for IDA 8, progress on MIGA [CHOGM generally non-confrontational on economic issues].

G5 meeting - welcome recognition of problems caused by deficit.

Welcome steps on budget deficit - hope Administration will be able to move faster.

(Defensive: if US raise proposal for combining Trust Fund with IBRD finance)

Agree close Fund/Bank collaboration necessary. But reluctant to divert any of IBRD's net income in view of need to strengthen IBRD's reserves and continue annual transfers to IDA.

ECONOMIC RELATIONS DEPARTMENT
16 October 1985

cc PC
SH
NW

Foreign and Commonwealth Office

London SW1A 2AH

15 October 1985

Dear Charles,

Prime Minister's Meeting with Signor Craxi:
European Community

Craxi has said that the principal subject he wants to discuss is the inter-governmental conference. His main interest will be in attempting to discover whether we are necessarily going to oppose any treaty change. He will also try to insist on the need to do something vis a vis the European Parliament.

The Position in the Conference

With a plethora of proposals now on the table, it remains to be seen whether it will be possible to bring order into this process by the time of the December European Council. The proposals of the Commission have been criticised by several member states.

On decision taking, the French and Germans want only a limited extension of majority voting. There is likely to be considerable support for some limited change in this area, related to the pursuit of specific objectives on the internal market. Given the difficulty of any major change in decision taking, others are continuing to show interest in the idea of up-dating the treaty by including provisions on technology and the environment which would set out what is happening already in the Community on these subjects in the Research and Environment Councils. Discussion is still in its very early stages. On this as on other issues, our position is entirely reserved. The Commission have put forward proposals on "strengthening the cohesion of the Community" - a euphemism for convergence - to which the French and Germans are strongly opposed. Work is proceeding on the political cooperation text on the lines we proposed. Craxi and others will want this to be part of a wider package with some limited treaty changes, if any can be agreed - and wrapped up, no doubt, in some preambular language about "European union".

/The

The European Parliament

The Italians have made a proposal which would give the Parliament an effective veto over a wide range of legislation, though it would not permit any legislation to be adopted without the assent of the Council. This would be more likely to frustrate than improve decision taking. The Germans and the Commission have also made proposals for an extremely cumbersone procedure. The French, however, who have been telling us privately that they want no significant increase in the powers of the Parliament, have just tabled a proposal which will require very careful examination, but which is intended to ensure that the Council retains the decisive voice in what is or is not agreed. The Prime Minister may wish to tell Craxi that we want to see the Parliament playing a more positive role, and put forward at Milan our own proposals to enable it to do so. But the last word must remain with the Council. She might refer to the French ideas on this subject and ask Craxi what view he takes of them.

Our Approach

The questioning approach we have adopted in the conference has forced the French and Germans off the fence and has obliged them to come out in opposition to proposals from the maximalists led by the Commission. We have said that we will play a constructive role and will judge any proposals for treaty amendment against whether they would make a real contribution to the achievement of key objectives, in particular in relation to the completion of a genuine common market. Other member states are aware that we shall not decide our position until a late stage in this process, close to the European Council.

The Foreign Secretary recommends that the Prime Minister should take the same questioning approach with Signor Craxi which she adopted with M. Fabius. We should continue to expose the differences between other member states and should not permit the French or others to shelter behind us. No-one is keener than we are to see the key articles of the treaty providing for the opening up of the internal market fully implemented - including, for instance, Article 57(2) of the treaty, providing for full freedom of establishment in services. We have our own interest in improved decision-taking. We shall continue to work to reduce the scope of the kind of package that might emerge and relate it to the pursuit of our own objectives, and will only be able to take a view when its precise shape is much clearer than it is now.

/Sir

Sir Geoffrey Howe has asked Sir Michael Butler to compile a report on the state of play in the conference which will be sent to the Prime Minister on her return from New York and which might serve as a basis for discussion of some of these issues with her.

/ I attach a note setting out some questions the Prime Minister may wish to consider putting to Signor Craxi. Additional background and briefing on other matters is being provided separately.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
No 10 Downing Street

Prime Minister's Meeting with Signor Craxi:
Inter-Governmental Conference

- The Community cannot afford another division of the kind that occured at Milan.

- We are playing a full role in the conference. We will not take a view on the various elements until the end of this process, when we can see precisely what might form the basis for an agreement between all the member states. It is up to those who argue for treaty change to convince their partners.

- The United Kingdom has clear priorities for the Community, in particular completing the common market, in accordance with the treaty, and strengthening the Community's role in the world.

- Will judge proposals now coming forward by whether they would make a real difference to the creation of a genuine common market; and whether they are likely to command the general acceptance necessary for the treaty to be amended.

- Large number of proposals now on the table. Does Signor Craxi think it will be possible to reach conclusions in December? What kind of an outcome does he think likely to be agreed?

- We want to see better decision taking and more majority voting. But this has to be on issues where the main lines of policy have already been decided. Can Italy agree to a shift to majority voting - as the Commission have proposed - on such matters as direct taxation, indirect taxation, frontier controls?

- Agree on the need for the Parliament to be encouraged to make a positive contribution to decision taking and to behave more responsibly - not just playing a spoiling role. Our proposals for genuine consultation with the Parliament remain on the table.

- Are studying the Italian proposals: these would appear to give the Parliament a veto over a wide range of Community legislation. Must not make decision taking more difficult. And last word must remain with the Council.

/Understand

- Understand that there are also French proposals on the Parliament. What view does Signor Craxi take of these?

- No point in changing procedures if key treaty articles still would not be implemented. Our attitude will be affected by whether there is a commitment to real progress, for instance the abolition of lorry quotas and the opening up of a genuine common market in services.

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CDO 14/K

MR POWELL (10 DOWNING STREET)

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI

Attached is the sort of letter which we would expect to come forward from the Foreign and Commonwealth Office. Perhaps we could have a word when you have looked at it.

I consider myself that, in addition to the points suggested for the Prime Minister to make to Signor Craxi, it would be important to emphasize once again that, first, we are not going to take a view on the various elements until we see the whole package at the end and, secondly, that the United Kingdom does have its own clear priorities for the Community. This could be done by adding second and third indents on the lines of -

" - The United Kingdom is playing its full role in the discussions in the inter-governmental conference. I should make clear, however, that we shall not take a view on the various elements until we can see the whole package which may result from the conference. It is up to those who argue for Treaty or other changes to convince their partners.

- The United Kingdom does have clear priorities for the Community, in particular

(i) completing the common market in accordance with the Treaty, as a means of helping our economies and improving job opportunities;

/(ii)

CONFIDENTIAL

(ii) strengthening the role of the Community as a political and commercial force in the world."

D F Williamson

D F WILLIAMSON

11 October 1985

DSR 11 (Revised)

FINAL.

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

PRIVATE SECRETARY

DEPARTMENT: TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

C Powell Esq

No 10 Downing Street

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI:

EUROPEAN COMMUNITY

1. The Prime Minister has agreed to see Signor Craxi in New York. Briefing on other matters which may come up is being provided. But Signor Craxi has said that the main subject he wants to discuss is the inter-governmental conference.

2. The Foreign and Commonwealth Secretary sent a minute to the Prime Minister about the conference on 13 September. In the meetings so far, a number of proposals have been put forward for treaty amendment. Those of the Commission are very ambitious and have been criticised by several member states. On ~~the crucial issue of~~ decision taking, the French and Germans have been indicating that they want only partial amendment to Articles 57(2) and 100 and a limited extension of majority voting. There is interest in the possibility of giving juridical expression in some way to the Prime

A

Enclosures—flag(s).....

The French, however, may seek to involve the Parliament in the process in a way that ~~would be unacceptable to us~~. We would not want

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Minister's proposal, before Milan, that unanimity should be required for agreement on objectives, but where these had been agreed unanimity might not be required for implementing measures.

3. As the discussions so far have revealed the difficulty of major changes in decision taking, so interest has tended to focus more on the idea of up-dating the treaty by including articles on technology and the environment. Although the Commission would like to try to extend ~~There appears to be wide agreement that this should not entail an extension of~~ Community competence, ~~but that any~~ provisions should set out what is happening already in the Community on these subjects in the Research and Environment Councils. Discussion is still in its very early stages. On this as on other issues, our position meanwhile is entirely reserved.

The intention of Article is that any such

4. The role of the Parliament remains the most difficult issue. There is a general desire on the part of the other member states, apart from the Danes, to find some way of enabling the Parliament to make a more positive contribution to decision taking. There is general agreement that the last word must remain with the Council. The Germans and the Commission have put forward proposals for a conciliation procedure. These would leave the last word with the Council but are very cumbersome and would be likely to delay decision taking. The Italians attach particular importance to something being done for the Parliament - a point of great importance for their own Parliament. They will be

putting forward their own proposals and to the extent that these do leave the last word with the Council, we will study them when we receive them. A possibility we might need to consider nearer the time is the incorporation of our own proposals before Milan concerning more effective consultation and the existing conciliation procedure in a juridical text.

5. Work, meanwhile, is proceeding on the political cooperation text and an agreement is likely to emerge on the lines we proposed. Craxi and others will want this to be part of a wider package incorporating the political cooperation agreement with limited treaty changes, if any can be agreed - the whole wrapped up, no doubt, in some preambular language about "European union".

6. The questioning approach we have adopted in the conference so far has served our interests well. It has forced the French and Germans off the fence and has obliged them to come out in opposition to proposals from the 'maximalists' led by the Commission. The Commission have put forward proposals on "strengthening the cohesion of the Community" - a euphemism for convergence - to which the French and Germans are strongly opposed. We have said that we will play a constructive role and will judge any proposals for treaty amendment against whether they would make a real contribution to the achievement of key objectives, in particular in relation to the completion of a genuine common market. Other member states are aware that we

shall not decide our position until a late stage in this process, close to the European Council.

7. Against this background the Foreign and Commonwealth Secretary recommends that the Prime Minister should take the same questioning approach with Signor Craxi she adopted with M. Fabius. It is important that we should continue to expose the differences between other member states and should not permit the French or others to shelter behind us. No-one is keener than we are to see the key articles of the treaty providing for the opening up of the internal market fully implemented - including, for instance, Article 57(2) of the treaty, providing for full freedom of establishment in services. We have our own interest in improved decision-taking. We shall continue to work to reduce the scope of the kind of package that might emerge and relate it to the pursuit of our own objectives, and will only be able to take a view when its precise shape is much clearer than it is now.

With a shelter of proposals now on the table, it remains to be seen whether and how quickly it will be possible to bring order into the mêlée.

8. Sir Geoffrey Howe has asked Sir Michael Butler to compile a report on the state of play in the conference which will be sent to the Prime Minister on her return from New York and which might serve as a basis for discussion of some of these issues with her.

9. I attach a note setting out some of the questions the Prime Minisater may wish to consider putting to Signor Craxi.

PRIME MINISTER'S MEETING WITH SIGNOR CRAXI:

INTER-GOVERNMENTAL CONFERENCE

- The Community can not afford another division of the kind that occurred at Milan.

- We consider treaty amendment a difficult route to take. Will judge proposals now coming forward by whether they would make a real difference to the creation of a genuine common market and whether they are likely to command the general acceptance necessary for the treaty to be amended

- Large number of proposals now on the table. Does Signor Craxi think it will be possible to reach conclusions in December? What kind of an outcome does he think likely to be agreed?

- We want to see better decision taking and more majority voting. But this has to be on issues where the

main lines of policy have already been decided. Can Italy agree to a shift to majority voting - as the Commission have proposed - on such matters as direct taxation, indirect taxation, frontier controls?

- Agree on the need for the Parliament to be encouraged to make a positive contribution to decision taking and to behave more responsible - not just playing a spoiling role. Our proposals for genuine consultation with the Parliament remain on the table. Are studying the Italian proposals. But last word must remain with the Council. How does Signor Craxi think it will be possible to reconcile Italian and Danish views on the Parliament (given that the agreement of all member states is required for changes to be made)?

- No point in changing procedures if key treaty articles still would not be implemented. Our attitude will be affected by whether there is a commitment to real progress, for instance the abolition of lorry quotas and the opening up of a genuine common market in services.

SECRET

VC. 1

original to CDP.

10 DOWNING STREET

From the Private Secretary

15 October 1985

I enclose a copy of a letter from Ambassador Price, which in turn encloses a note setting out President Reagan's approach to the meeting with Allied leaders on 24 October.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence).

(CHARLES POWELL)

P.F. Ricketts, Esq.,
Foreign and Commonwealth Office

New York Briefs - cc/c

EMBASSY OF THE UNITED STATES OF AMERICA
LONDON

October 15, 1985

Charles Powell, Esq.
Private Secretary to the Prime Minister
10 Downing Street
London, S.W.1

Dear Charles:

Enclosed is an outline of the President's approach to his October 24 allied consultation in New York with the Prime Minister and other heads of state. I hope it will prove useful. I shall pass on whatever other information we receive.

Best regards.

Sincerely,

Charles

Charles H. Price, II
Ambassador

SECRET enclosure.

The President attaches great importance to full and intensive allied consultations during preparations for his upcoming meeting with General Secretary Gorbachev.

As stated in his invitation, he wishes to focus the October 24 discussion with allied leaders on U.S. planning for the November Geneva meeting.

Given the importance of a full exchange of views among Western leaders regarding the November meeting, we do not intend to raise other, unrelated issues which would detract from this primary goal.

We do not view the October 24 consultation in the context of annual Summit meetings of the seven. In our view, it has no direct connection with next year's Economic Summit in Tokyo.

We expect the President will open the meeting with a brief outline of how he views the four areas that constitute our agenda for Geneva. The balance of the meeting will provide an opportunity for other leaders to share their assessments of East-West relations and their views and counsel on the November meeting.

The President wishes to keep this session informal, with opportunity for full, candid give-and-take. He will be seeking advice and counsel from the other leaders. We do not intend to propose a formal agenda. Nor do we plan to hold a preliminary, preparatory meeting of political directors.

In keeping with the informal character of the session, we do not seek to have the group take decisions or to reach agreement on a joint public statement. We would, of course, not object to leaders making individual statements after the meeting.

The President very much looks forward to seeing Prime Minister Thatcher and the other heads of State in New York at this meeting which comes as our preparations for Geneva intensify. A constructive outcome in Geneva will depend heavily on such intensive consultations and on maintaining Western unity.

Guidance on other arrangements, including definite time and location of the consultation, interpretation etc. will be provided later.

10 DOWNING STREET

CF.

Please take on CHOGM, & let me have on the aeroplane between Nassau & New York.

CDP

010

CC PC
SH

Foreign and Commonwealth Office

London SW1A 2AH

14 October 1985

Dear Charles,

Prime Minister's Visit to the United Nations

I enclose a copy of a paper entitled "Fortieth Anniversary of the United Nations: Using the System". It sets out some longer term considerations and recommendations on our policy towards the United Nations: the Foreign Secretary thinks that the Prime Minister might wish to read it before her visit to the UN Fortieth Anniversary celebrations on 23-24 October.

The paper is a distillation of a longer FCO review of our UN policy set in hand earlier this year partly with the forthcoming Anniversary in mind but also against the background of signs of more moderate trends in the Organisation and of our UNESCO decision. The review is based on the premise that the United Nations system, whether we like it or not, is there to be used; we should therefore have a positive and a realistic policy on how we should do so.

I am copying this letter and its enclosure to the Private Secretaries of members of OD and to Michael Stark.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

40TH ANNIVERSARY OF THE UN : USING THE SYSTEM

INTRODUCTION

1. There are three good reasons why 1985 is a suitable moment to review our policy towards the United Nations. It is the year of the 40th Anniversary of the organisation. Our policy will be under scrutiny. Secondly, HM Permanent Representatives in both New York and Geneva have commented recently on signs of growing moderation in the UN system. We need to examine this change to see whether we can capitalise on it. Thirdly this is the year in which we may, for the first time, opt out of an important organ of the UN system, namely UNESCO.

2. This paper uses the phrase "the UN system". This embraces the UN Organisations in New York, Geneva and Vienna, and the Specialised Agencies and other bodies located there and elsewhere. This system is seen essentially as a <u>means</u> - often one of a number of means - by which we (and others) pursue foreign policy objectives. This paper is not about our objectives in any specific area handled at the UN (eg Middle East, South Africa). It is about ways in which we can use more effectively an important diplomatic tool that is brought to bear on them (whether or not we would always wish it thus).

SIGNS OF GROWING MODERATION

3. The 1984 General Assembly was widely judged to have been unusually quiet, with a number of notable successes for the more moderate non-aligned. In Geneva too, the Mission have reported similar signs, for example in the Group of 77 attitude towards UNCTAD. The Human Rights Commission in February-March this year was similarly subdued, and there were unexpected non-aligned voices of reason at the UN Disarmament Commission in May. The UN World Conference on Women in July and the Non Proliferation Treaty Review Conference in September ended in consensus, if only just.

4. There are short term explanations for this moderation. But there are also important reasons to think that this is more than just a short-term phenomenon. The economic radicalism of the 1970s, so closely associated with the demands for the New International Economic Order, has been found wanting. There has been a growing

confirmation amongst the non-aligned that only the West can deliver on economic issues. In addition the coalitions which make up the non-aligned movement and the Group of 77 are shifting. Moderate groups with common interests clearly different from the radical leadership are more willing to make their voices heard. A second generation post-independence Third World leadership is beginning to emerge. Events in the Third World itself (Iran/Iraq war, Arab splits, secessionism in for example India) are having a sobering effect.

5. A growing sense of realism, certainly relative and very much in UN terms, is thus to be expected. Although susceptible to sudden political setbacks (especially over Southern Africa), and to further deterioration in the world economic situation this moderation may be something of a long-term trend.

DOES IT MATTER?

6. Even if there is now a perceptible upward curve of growing realism, it starts from a very low base line. The non-aligned still dominate most of the UN organs (apart from the Security Council), and will always do so. Non-aligned objectives, such as changing the balance of economic power, Southern Africa, the Middle East, nuclear disarmament will therefore dominate the agenda. The West in general is on the defensive. The East has nothing to lose by identifying itself as the natural ally of the non-aligned. The UN management is often flabby, inefficient, and wasteful. Though the West is generally willing to pay the price of membership (UNESCO apart) and conducts a serious defence of its interests, there is nevertheless a widespread view that the UN system is essentially peripheral to Western security and prosperity. There is growing disquiet about the cost of it all and continuing distaste for the rhetoric, hypocrisy and theatre.

UK INTERESTS AND OBJECTIVES

7. Nobody doubts that the nausea-quotient in the UN is high. But we do have four important interests in the Organisation:

a) The UN <u>crisis management machinery</u>. This consists of: the Security Council as the principal international forum for

considering international disputes; the UN peacekeeping/monitoring forces; and the good offices of the Secretary-General. This machinery is strictly limited in what it can do in any situation, because the consent of both parties in the dispute, and their super-power patrons, is required for the machinery to function. But it has the invaluable capacity to put the brake on regional crises, providing time for all sides to think again. Many would accept that the most likely scenario for a really unstable and serious East/West confrontation is the unexpected regional conflict which escalates out of control. The importance of the UN brake in such situations is forgotten at our peril. We have a major interest in its effectiveness.

b) The UK's special status as a permanent member of the Security Council. This UK status is now out of proportion both to our economic strength and to the political influence we would have without it. Two non-permanent member states, Japan and the FRG, pay much larger contributions to the UN than we do and the largest developing countries such as India would argue that they have a stronger case to such a status than the United Kingdom. Permanent Membership is certainly not cost-free but the status is nevertheless of political utility, not least for the crucial role it gives us in the UN crisis management machinery which we can use to our advantage (cf Falklands 1982). On balance this status is important to us. We should seek to preserve it if we can.

c) The UN as a forum for global cooperation. This includes the setting and codifying of internationally accepted standards or procedure (for example on human rights, international law, international services etc); and the management of internationally accepted programmes primarily of a technical (eg the UNHCR, UNICEF, the World Health Organisation) or developmental (eg UNCTAD, UNDP, FAO) nature. The more technical a body the more useful it is - indeed in certain fields (eg health, wealther, telecommunications) international cooperation at the global level is essential and often effective. The more political the subject matter

(eg trade and development, disarmament) the less likelihood there is in our wanting serious negotiation to take place at the global level. In the more politicised bodies, if we cannot make them less political or disappear, our objective is to restrict them to talking shops (see next paragraph). In general our aim should be: to identify those UN bodies where we can advance our interests cost-effectively and to deal with them accordingly; and in these bodies to minimise "politicisation" and to improve wherever possible the management of the organisation concerned.

d) The UN as a forum for our information and education effort with the Third World. The talking shops, (as well as more useful bodies) can nevertheless be useful as safety valves for the non-aligned/G77 to let off political steam, so protecting the more effective parts of the system. More important for our policy, they can also be used as information fora for putting across UK and Western ideas, including our views on the behaviour of states measured against the standards set by the Charter, clearly, coherently and constantly to the Third World.

8. It is difficult to relate these four interests, all inter-related, to our wider foreign policy objectives. It could be argued that the high nausea content of the United Nations has tended to obscure its importance to us. It is noticeable that in possibly the two most serious international crises faced by this country in the last generation, Suez and the Falklands, the UN crisis management machinery has played an important role. There are also always dangers that our permanent member status is taken for granted. While we probably do make as much as we can of the UN for global cooperation, it is arguable that we do not exploit the opportunities for the Western information effort.

CAPITALISING ON THE TREND : USING THE SYSTEM

9. The importance of the UN within the wider priorities of British foreign policy should not be overstated. But the foregoing paragraphs suggest that, if there are signs of increasing moderation within the system, the UN is of sufficient importance to us for us

to make a concentrated, carefully thought-out effort within existing resources to capitalise on the trend. We suggest that we place fresh emphasis on a limited number of such guidelines both general and specifically related to our four identified UN objectives.

GENERAL

10. We should take the long view. If we are going to change (or preserve) things at the UN it will take a long, sustained effort. A lesson from UNESCO is that deterioration takes place steadily over a long period of time making it difficult to turn the organisation around in a couple of years. (We should also learn from UNESCO how best to put matters right again).

11. We should try to take the Community with us. The UN System is a fertile ground for concerted European action. So often amongst the non-aligned, the US is the Great Satan and the Soviet Union is irrelevant. The Europeans have the flexibility to operate in between, the influence in the Third World, and the economic clout (the Ten provide 28% of the regular UN Budget). Community coordination at the UN is already intense. But the Ten tend to react to developments rather than take the initiative or exercise the authority potentially available to them. This trend needs to be reversed. (We have the Presidency during the 1986 General Assembly).

12. We should continue to be at the forefront of efforts to improve the management of the UN system. If we are to continue to spend significant amounts of money through their programmes, we need to have much greater confidence in the efficiency of the multilateral development agencies. Reform of two kinds is needed: greater control and accountability within agencies; and greater coordination between them.

13. We should not be afraid to adjust the scale of our activities in those parts of the system which are clearly of little interest to us or where reform proves impossible. Opting out completely should not be ruled out. But such a move has to be made with great care. We need also to think in terms of "Sunrise Agencies", bodies which have a role to play in new areas of global cooperation (drugs,

environment, population). Seriousness of purpose in such areas would make it easier to ignore or downgrade the "Sunset Agencies".

CRISIS MANAGEMENT

14. Increasing moderation amongst the non-aligned could be reflected in a more moderate and therefore more useful Security Council, perhaps giving it more scope for assuming a more useful regulatory role in world affairs. It may also give rise to greater scope to the Secretary General to act independently. To capitalise, we should:

a) give higher political priority to efforts to improve the functioning of The Security Council. The ideas are all there. What is needed is greater political weight behind them.

b) give greater political attention to the UN Secretary General and close political advisers. We have good relations with the present UN Secretary General. But are we paying enough attention to identifiable successors?

c) consider how we can bring more resources to UN peacekeeping/mediation. At the moment our annual budget to UN Peacekeeping efforts is £24 million. Even within the existing UN Budget should we work to free more resources for peacekeeping/mediation efforts.

PERMANENT MEMBER STATUS

15. Increasing moderation could also reduce pressures for Charter reform, including reform of the Security Council. To capitalise we should:

a) continue to show that we are in the van of those trying to improve the UN's crisis management machinery.

b) preserve very carefully our reputation for taking the UN seriously across the board. This must be a factor, though not necessarily a decisive one, in considering multilateral versus bilateral opportunities for aid and development.

c) consult closely with the French whose UN interests are very similar to ours. We could perhaps make more use of our common permanent membership of the Security Council as a factor in our overall bilateral relationship with France;

d) be prepared, when the situation warrants it to take a higher profile in the Security Council to resolve an impasse or promote a line of action.

GLOBAL COOPERATION

16. Greater objectivity and realism among developing countries should restrain the urge towards rhetoric and unattainable objectives and reduce the scope for the East's introduction of extraneous propaganda issues. To capitalise, we should:

a) give high priority to getting better value for money at all levels. We should make maximum use of smaller, technical committees whose recommendations on the budgetary and programmatic aspects can significantly affect General Assembly decisions and the manner in which the Secretariat implements the resulting mandates.

b) improve the quality of the Secretariat in the Specialised Agencies. These bodies are normally as good as their top man. We need a better mechanism for pushing our preferred candiates throughout the UN system;

c) go for wedge-driving within the non-aligned. We should continue to identify the moderates, working with them to isolate the radicals.

d) employ wider lobbying. Linked with the ideas about identifying moderates, more frequent lobbying in capitals should improve results over time. We should not be afraid to take up in capitals voting activities which go against us. We should also be prepared to take up with visiting Ministers in London instances of speeches or votes by their representatives at the UN which seem to us particularly hostile.

INFORMATION

17. Increased moderation should allow for a more receptive hearing for Western ideas within the UN system in what we need to see as part of the struggle with the East for the hearts, minds and pockets of the Third World. To capitalise we should:

a) try to concentrate on specific ideas where success is seen as a success for moderation. In the world of declarations and resolutions such successes are important and will consolidate the trend.

b) ensure better coordination throughout the UN system. It is important for us to be consistent in our approach eg in picking out the moderates, in attacking the radicals and in reacting to the Soviet politicisation campaigns.

c) take the East on. Where we are content for a UN forum to be more a talking shop than a body for genuine cooperation, we should not shrink from having a go at the East provided this will increase the standing of the West of the eyes of the Third World.

SUMMARY AND CONCLUSIONS

18. None of these ideas are particularly new. The underlying theme of this paper is that we should not (yet) get excited about the UN System. But:

a) we should not let the really important UN activities be obscured by the unattractive froth of so much of its day to day business;

b) if, as seems likely, we are entering a new and more moderate phase, it is in our interests to try within existing resources to capitalise on it;

c) this will entail a long, hard slog;

d) this effort will be made more efficient by having the clearest idea of how we can use the system.

file

10 DOWNING STREET

From the Private Secretary

9 October 1985

PRIME MINISTER'S SPEECH TO THE UN GENERAL ASSEMBLY

Thank you for your letter enclosing a draft for the Prime Minister's speech at the UN 40th Anniversary. For reasons you can imagine, I have not yet been able to get a steer from the Prime Minister. But I enclose an alternative treatment which draws heavily on the excellent material you sent, on which I would in turn welcome rapid comments. I must put a version in the Prime Minister's box on Friday.

C D POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office

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CC PC (2)

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Foreign and Commonwealth Office

London SW1A 2AH

9 October 1985

Prime Minister
You will wish to note this. I have said 25 October is out

Dear Charles,

Possible Meeting between The Prime Minister and President Reagan in New York

Attached because you have Cabinet COP 9/10.

In your letter of 7 October you said it would be helpful to know whether the President intends to hold any bilaterals in the margin of the Summit Seven meeting.

The Embassy report that Chancellor Kohl is not at present too popular with the President's handlers. The Germans have for over a month been pressing for a full bilateral visit to Washington, and the Chancellor's spokesman indeed announced in mid-September that such a visit would take place before the Geneva Summit. The White House have been anxious to keep the President's schedule slim: no such invitation has been issued. And our understanding is that it was partly in the hope of shutting up the Germans that the White House issued invitations for the multilateral meeting on 24 October. The Germans earned further disfavour by going public with the invitations before all had even been delivered, and then compounded the offence in US eyes by announcing that the Chancellor would also have a separate bilateral meeting with the President.

The Embassy's NSC contacts say that the President is now resigned to the necessity of having such a separate bilateral meeting with Kohl, but is determined that it should be brief, and in New York, and in the margins of the 24 October meeting. They say that plans for other bilaterals are still inchoate, but they are pretty sure that the President will want to have a session with the Prime Minister as well.

The Embassy have been asked whether it would be feasible for the Prime Minister to stay on in New York to see the President on 25 October if it proved impossible to schedule an earlier meeting there. I should be grateful for your reaction to that. So far the Embassy have said in response only that the Prime Minister would be delighted to have a talk if the opportunity were to arise, adding on a personal basis that it would clearly be more convenient for the Prime Minister if she and the President could meet on 23 or 24 October.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

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cc PC
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Foreign and Commonwealth Office

London SW1A 2AH

7 October 1985

CDP 75K

Dear Charles,

Prime Minister's Speech at the Un General Assembly

I enclose, as requested in your letter of 2 October, a first draft for the Prime Minister's speech to the commemorative session of the UN General Assembly on 24 October. The draft is geared to a speaking time of around fifteen minutes, in the light of the informal understanding in New York that speeches during the commemorative session should not exceed this length. It encapsulates the theme to which you refer in your letter, namely, that of the standards which we look to the United Nations to uphold. It does so in the context of an appeal for a return to realism in the work of the organisation.

The speech does not set out in any detail the United Kingdom's views on particular international issues: it concentrates on the function of the UN itself. It does, however, contain a peg for a reference to the legality of government retaliation against terrorists mentioned in your letter of 4 October. Wording on this will follow shortly. It alludes by implication to the importance of self-determination in the Falklands context (paragraph 13) and to the need for dialogue and contact in relation to the problems of South Africa and the Middle East (paragraph 14).

We have asked for, but not yet received, any recommendations which Sir John Thomson may have on the speech's style or content. Other than Sir A Parsons, we have not come up with anyone else with particular experience of the UN who might appropriately be asked to contribute.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

40TH ANNIVERSARY OF THE UN, 24 OCTOBER:

DRAFT SPEECH FOR THE PRIME MINISTER

THE UNITED NATIONS AT 40: A NEW REALISM

1. Mr President, Mr Secretary-General, distinguished representatives.

The Realism of the Charter

2. We mark today the 40th Anniversary of a most remarkable document. The Charter of the United Nations. It was born out of the despair and suffering of the most destructive war ever known. It was driven by a burning desire to find a better way of doing things. But it was founded on a practical and realistic appreciation of the state of the world.

(a) The Rule of Law

3. The authors of the Charter recognised first and foremost that the world needed an accepted code of international behaviour. Any community is ultimately defined by its rules. This applies at the level of club, village or nation-state. The founding fathers realized that it should equally apply to the world community. They saw that law, and the rule of law, must be brought to bear on international relations.

For "where laws end, tyranny begins" [Williams Pitt the Elder].

4. The Charter gives us that code. All of us seated here as members have accepted binding obligations defining the limits of acceptable international conduct. The nature of these obligations is unambiguous. Above all we are pledged to refrain from the use of force. Living up to this is the prime duty of every member here. Of course we have the right to self-defence. But this right does not justify retaliation by a government against terrorists which results in the death of innocent civilians [reference to Israeli attack on PLO HQ to be expanded as necessary].

5. These rules do not just apply to relations between states. They also give rights to individuals. We have for the first time in history established universal standards for the behaviour of governments towards their own citizens. We have recognised that when those in power engage in oppression the international community cannot stand by idle.

(b) Harnessing interdependence

6. Those who framed the Charter also recognised that traditional channels of diplomacy were alone no longer

sufficient to promote such a code of behaviour. In an increasingly interdependent world community a new organisation was needed. A forum where the community could harness this interdependence. Where it would meet to manage its crises, discuss its differences, uphold the rule of law.

(c) Wider cooperation

7. And they recognised a further truth. That the quest for peace and the rule of law must go further than politics. The promotion of social and economic progress "and better standards of life in larger freedom" is writ large in the Charter. The last 40 years have seen an explosion of international co-operation in such social, economic and technical fields. The well-known achievements of such organisations as the World Health Organisation or UNICEF are only the dramatic and visible features of a worldwide network of common international enterprise under the auspices of this organisation.

The Dangers of Ignoring Reality

8. The drafters of the Charter were inspired by ideals. But they were also practical men. And they saw the dangers of ignoring reality. Winston Churchill spelled out these dangers already in 1946 in his speech

in Fulton, Missouri:

> "We must make sure that [the Organisation's] work is fruitful, that it is a reality and not a sham, that it a force for action, and not merely a frothing of words, that it is a true temple of peace in which the shields of many nations can some day be hung, and not merely a cockpit in the Tower of Babel".

9. There are many now who see this great building on the East River as a Tower of Babel. And a frothing of too many words. There is general agreement that the great post-war ideological divide between East and West left still-born the more ambitious schemes for maintaining world order. The expanding membership in the post-colonial world challenged assumptions of shared values. The innovative realism of Churchill and the other architects of this Organisation has been overshadowed. Its place has been usurped.

10. First by naivety. The unrealistic expectation that this organisation would be able, in some miraculous way, to impose perfection. The failure to acknowledge that it can only be a mirror held up to our own uneven, untidy and divided world. Second by cynicism. The belief that this Organisation has long outlived its usefulness. That disputes brought before it are exacerbated not resolved. That collectively

nothing can ever be done.

The Tasks for the Future: a new realism

11. I believe it is our task on this Anniversary to rediscover the combination of realism and hope of those founding fathers. If it is to survive, as it must, the United Nations needs a new realism. We must build on those truths of the rule of law in international behaviour, of inter-dependence, of wider co-operation enshrined in the Charter. We need to bring to them the lessons of the past 40 years.

d) Persuasion rather than coercion

12. First we must recognise that the power of an international organisation to uphold the rule of law in today's divided world is the power of persuasion not coercion. The United Nations has recourse to military forces in their role of peacekeeping. But we must understand that peace cannot be imposed by such forces against the wishes of those fighting.

13. Certainly this Organisation can identify those actions which are in conflict with the standards and principles established by the Charter. We must reject the resort to force. We must defend the right of all peoples, large or small, to self-determination.

But it is not enough to condemn and deplore. It is also the responsibility of this Organisation to promote dialogue and propose solutions. Not only to point out when states have lost their way. But to offer signposts as to the way forward. Confrontation and ostracism are a sterile path. Sooner of later whether in South Africa or the Middle East there must be negotiation and contact. It is the role of the UN to try to bridge the divides that exist not widen them.

(e) Action rather than words

14. We must also recognise that it is not enough only to have rules. We must implement them. It is not enough to agree on words. We must live up to them. And we must find the right ways of acting on them. It is more than cynicism to speak endlessly of peace when armies of occupation are in place whether in Afghanistan or elsewhere. It is fine to have another declaration on human rights. But what we have to do is bring to an end the abhorrent abuses. It is not enough to pass resolutions on economic development. We must also have policies which allow the wealth to be created that makes such development possible.

(f) Efficiency and good management

15. We have a duty to maintain the relevance and

efficiency of the whole UN system. Too often the work of agencies has been side-tracked into extraneous political issues. Such issues belong in this Assembly. Technical bodies are for technical issues.

We must seek to get better value from the money we spend through the UN. International action needs to be well-managed and co-ordinated if it is to be effective. Only if it is effective will national governments be prepared to support it.

There are plenty of new areas for such action by this organisation. The tragic famine in Africa which has demanded a response on a global scale. The international drugs trade proving such a growing menace particularly to the young. The disease of international terrorism. The murders of an american and a Soviet diplomat in the last month remind us that no-one is immune. National efforts to combat these problems can have limited impact. The UN and its agencies have an important role.

Conclusion

16. Persuasion rather than coercion. Action rather than words. Efficiency and good management. These are today's realities. They pose a challenge at least equal to those of 40 years ago. We must work to ensure that in 10, 20, 40 years time they too will have become

part of the conventional wisdom of the age.

17. In using this occasion to rededicate ourselves to the Charter, we must dedicate ourselves to build on its foundations. We need to work to maintain its validity. For today and for tomorrow. We need to retain the realism of the founding fathers. We need above all their realism combined with more than a dash of hope. That we too can find a better way of doing things. They were reaching out of the abyss of war "for a better world". We too must reach upward, remembering the words of an English poet:

> "Ah, but a man's reach should exceed his grasp,
> or what's a heaven for ..."

As we scan the 40 year history of the United Nations, we are forced to admit that it has failed in its primary objective, namely "to save succeeding generations from the scourge of war" [Preamble to the Charter]. Of course our presence here to celebrate this anniversary testifies to the fact that the world has been spared the ultimate horror of another global conflict. But this is little consolation to the many millions of people who have been killed, maimed or made homeless in over 100 so-called "local" wars during the past four decades. Nor can we claim with any confidence that, in our bitterly divided world with its terrifying accoutrement of nuclear and conventional weapons,, the danger of all out, global war has receded to the extent that our children and grandchildren can pursue their lives free from its dark shadow.

The inability of the World Organisation to live up to the high standards elaborated in the UN Charter, standards relating not only to peace and security but to the achievement of fundamental human rights of justice, respect for the obligations arising from treaties and international law, of social progress and better standards of life [all taken from the Preamble] has generated deep pessimism regarding its future. This pessimism manifests itself in many ways. It may be seen in the relentless harassing fire directed at the UN by the cynics, the disillusioned idealists, who are disposed to dismiss the UN and all its works as an expensive waste of time, am amphitheatre of hot air. It may be heard in the lamentations of those who have retained their ideals but are reluctant to recognise the realities of the world as it is and to build on the existing foundations. It emerges in the hypocrisy demonstrated by those states which have abandoned the true purposes of the United Nations and which use it as a forum for propaganda designed to win the hearts and minds of others and at the same time to mask their own failure to live up to the imperatives of the Charter to which they give strident but unconvincing lip-service.

However, if we examine the picture more closely, we find that the landscape is not all dark. To start with we must face squarely the limitations of the United Nations. it was born out of the war-time Alliance and the hope was that the unity of purpose which bound together the Allies in war would persist into peacetime. It did not. Hence the coercive power of the UN - the military structure embodied in Chapter VII of the Charter - remained a dead letter. This state of affairs is most unlikely to change in the future. From being a potential instrument of coercion against real or threatened aggression, comprising like-minded states, the UN has become an instrument of persuasion only, comprising today a vastly increased number of states many of which are far from like-minded. And the universality of the Organisation, the goal to which it has aspired for many years, has multiplied its diversity and the complexity of the problems with which it is confronted. It is only by facing these facts without blinking and without nostalgia for what might have been, that we can hope to improve the perfomance of the United Nations in the future.

History demonstrates that the UN did not allow itself to become fossilised by the transformations which I have mentioned. It is a living organism and it has striven to adapt itself to a changing environment. Perhaps its most important achievment in the field of international peace and security has been the development of its peacekeeping function. Now this is a concept which is nowhere to be found in the Charter. The Military articles are concerned with enforcement, but peacekeeping, as we all know, is a military operation which takes place with the consent of the parties to a dispute or a conflict. It is designed to defuse crises, to minimise the risk of further outbreaks of hostilities, to act as a buffer between combatants, in short to create an atmosphere in which peaceful negotiations can take place. Peacekeeping is the most powerful weapon in the UN armoury of persuasion.

Of course it does not always succeed and the world has been quick to pick on its failures - in Sinai in 1967 and in the Lebanon in 1982 for example. But I do not believe that anyone here would question the statement that, had it not been for the Blue Berets and the Blue Helmets of the United Nations, very many people now alive would be dead, the toll of refugees would be even greater than it is and a number of local crises might well have escalated to involve confrontation between the nuclear powers. I am sure that all of you will have in mind one particular occasion when the inter-position of a UN peacekeeping force pre-empted an immediate danger of the United States and the Soviet Union facing each other on a battlefield. [I am thinking of the closing stages of the October War in 1973.] At least one member state [Zaire] can be said to owe its sovereign integrity to a UN peacekeeping operation. There is no need for me to continue a catalogue of the achievements of the UN in this field. In the future the Security Council should always be ready to make use of the sophisticated and efficient machinery of peacekeeping which the Secretariat has developed over many years. Those who for doctrinaire reasons have been reluctant to give full support, even financial contributions, to peacekeeping operations would do well to reflect and to relax their rigid orthodoxies.

I am of course familiar with the criticism that UN peacekeeping fails to settle problems: UNFICYP for example has now been in Cyprus for over 20 years and the Cyprus problem remains unresolved. This argument exposes a very important point which I cannot stress too strongly. The United Nations cannot and should not try to impose detailed solutions on parties to disputes. It would be quite wrong for it to do so. Only the parties themselves can solve their differences, whether they be the Soviet Union and the United States, the Arabs and the Israelis, white and black in Southern Africa, Vietnamese and Cambodians in Indo-China.

What the UN can do is to set the stage for the parties to negotiate. The Security Council can lay down broad guidelines

for a settlement as it did with Resolution 242 on the Middle East. The General Assembly can do the same as it has done over Afghanistan and Cambodia. Peacekeeping forces can be deployed in order to reduce tension and create an atmosphere in which negotiations can proceed, as has been the case in Cyprus.

The United Nations can act as a catalyst to stimulate reluctant parties to disputes towards the ultimate goal of direct negotiations leading to a mutually agreed settlement. We have in the Secretary-General an impartial, objective and skilled negotiator in whose office we all have confidence. He and his personal representatives are already engaged on many tasks of negotiation, mediation and conciliation [taken from Article 33 of the Charter]. If his efforts are not immediately successful, this is more often than not because of the intractable and deep-rooted nature of the dispute, not because of any defect in the UN machinery. Better to have peaceful negotiation, however frustrating and protracted, buttressed if necessary by peacekeeping forces, than resort to hostilities in order that one side may try to achieve a lightning solution wholly to its advantage. What will not, and should not happen, I repeat, is that disputants submit the future of their countries and peoples to solutions achieved without their prior consent through majority vote either in the Security Council or the General Assembly.

Reluctance on the part of states to submit their destinies to the will of a United Nations majority has become more pronounced in recent years. It is a melancholy fact that debate throughout the United Nations system, whether in the Security Council, the General Assembly or even in the Specialised Agencies has become conspicuous for the absence of that "tolerance" which the Charter [the Preamble, bottom of first page] urges us to practice. The United Nations, as I have stated, is an instrument of persuasion. Neither individuals nor governments are likely to be persuaded to change their ways if they are constantly exposed to salvoes of

abuse and vilification in a forum which should be a centre for peaceful diplomacy.

Nor is the desired effect likely to be achieved by the familiar practice of accumulating year by year more and more votes for divisive resolutions which even their sponsors know will never be implemented. This practice, on which so much of the time of the General Assembly is spent, serves only to increase the obduracy of those against whom the resolutions are directed and to devalue the Organisation in the eyes of the world outside this building.

Herein lies the key to the future. In the world at large, peoples and governments have lost that faith in the United Nations which illuminated its birth 40 years ago. At the creation expectations were pitched too high. They were disappointed: cynicism and indifference have taken the place of hope. But the world is too dangerous and troubled a place for us to resign ourselves to accepting that these attitudes are here to stay. It is only by recognising our failures, by accepting the limitations imposed by history on our Organisation, by building on its assets and by minimising its liabilities that we can expect to regain the confidence of mankind and to begin to aspire to those high standards set for us and for succeeding generations in the Charter.

file DSG

10 DOWNING STREET

From the Private Secretary

7 October 1985

Dear Len,

BILATERALS DURING THE PRIME MINISTER'S VISIT TO NEW YORK

The Prime Minister has agreed to a bilateral with Signor Craxi during her visit to New York (Rome telegram number 825 refers). I will cope with interpretation.

We ought also to tell the Chinese Government that the Prime Minister will after all be in New York and offer to reinstate the proposed bilateral with Zhao Ziyang.

I note from the Secretary of State's conversation with Chancellor Kohl that the latter expects to have a private talk with President Reagan in the margins of the meeting of the Summit Seven in New York. I do not know how firm this arrangement is or whether the proposed meeting is planned to take place in New York. If it does, there is some risk that the press will make out that Germany is being given favoured treatment in comparison with the United Kingdom. The Prime Minister would not, I am sure, wish to press for a bilateral with President Reagan. But it would be helpful to know whether the President intends to hold any bilaterals and to let it be known that the Prime Minister would be delighted to have a talk if the opportunity were to arise.

Yours sincerely

Charles Powell

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

4 October 1985

PRIME MINISTER'S SPEECH AT THE UNITED NATIONS' 40th ANNIVERSARY

The Prime Minister has noted Mr. Peres' claim that Israel's attack on the PLO offices in Tunis was justified in international law. She would like to contest this assertion, in general terms, in her speech at the United Nations. The point which she wants to make is that retaliation by a government against terrorists which results in the death of innocent civilians is no less reprehensible than terrorism itself.

I recognise that this is a delicate and sensitive area, given recent statements by President Reagan and senior members of his Administration justifying retaliation against terrorists. It also spills over into the question whether military intervention in other countries is ever justified, on which we had a seminar last year. Despite the difficulties, the Prime Minister would like to try to tackle the issue though without getting enmeshed in legal technicalities.

I should be grateful if you could commission a draft contribution on this theme. It would need to reach me by the evening of 9 October.

CHARLES POWELL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CST

It's would save having him to London. 3/10. Agree? CDP 4/10.

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PROPOSED MEETING OF SUMMIT SEVEN IN NEW YORK: PROPOSAL FOR BILATERAL MEETING WITH ITALIAN PRIME MINISTER

1. CRAXI'S OFFICE TOLD US ON 1 OCTOBER (TELECON NORTHERN/HOLLOWAY) THAT HE PROPOSED TO ACCEPT PRESIDENT REAGAN'S INVITATION.
2. THEY HAVE NOW TOLD US THAT, IF THE PRIME MINISTER'S PROGRAMME PERMITS, CRAXI WOULD VERY MUCH WELCOME THE OPPORTUNITY TO HAVE A TALK WITH HER IN NEW YORK IN THE MARGINS OF THE MEETING. THEY SAID THAT HE ATTACHED IMPORTANCE TO ARRANGING A BILATERAL MEETING BEFORE THE EUROPEAN COUNCIL IN DECEMBER IN VIEW OF THE POSTPONEMENT OF THE ANGLO-ITALIAN SUMMIT IN FLORENCE.
3. THIS PROPOSAL HAS CROSSED WITH THE RECOMMENDATION IN MY TELNO 777 THAT THE PRIME MINISTER MIGHT INVITE CRAXI TO A WORKING DINNER IN LONDON. EITHER OF THESE PROPOSALS WOULD USEFULLY FILL THE GAP LEFT BY THE POSTPONEMENT OF THE BILATERAL SUMMIT THIS AUTUMN: ALTHOUGH THE LATTER WOULD ALLOW MORE TIME FOR DISCUSSION.

BRIDGES

MCP.

US/SOVIET ARMS CONTROL TALKS

LIMITED
UND
ACDD
DEFENCE DEPT.
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Statement by
His Excellency General Prem Tinsulanonda, Prime Minister of Thailand,
at the Fortieth Regular Session
of the United Nations General Assembly,
30 September 1985

Mr. President,

It is my great pleasure to extend to you, on behalf of the Thai delegation, our sincere congratulations on your unanimous election to the Presidency of the 40th Session of the General Assembly of the United Nations. Your election to this high position is a manifestation of the esteem and respect which the member countries of the United Nations hold for you. Moreover, we are confident that your renown diplomatic skill and wide experience, as well as your intimate knowledge of the United Nations over so many years will be of inestimable value to the General Assembly in its deliberations on many important issues. Your country, Spain, has been, throughout history, and remains to-day one of the greatest founts of Western civilization and culture. Spain and Thailand have witnessed a long-standing relationship between our two peoples dating back many centuries. Both our countries have similar institutions, the monarchy and parliamentary form of government, and enjoy close and cordial relations with each other. My delegation is, therefore, deeply gratified to see you presiding over this Assembly.

In the same manner, I wish to pay a well-deserved tribute, on behalf of my delegation, to His Excellency Paul Lusaka, the distinguished son of Zambia and of Africa, and President of the 39th Session of the General Assembly. His qualities of leadership, dedication and wisdom have earned him our profound respect, admiration and gratitude.

My delegation ...

My delegation also wishes to extend its warm congratulations to all the Vice-Presidents of the General Assembly, representing the different regions of the world. Their elections clearly reflect the diversity, as well as the universality of our organization.

Mr. President,

Forty years have passed since the United Nations came into existence. The past four decades have witnessed the expansion of activities of the United Nations to all far-flung corners of the globe and in nearly every field of human endeavour. While the focus of the world organization remains constantly on the avoidance of another global conflagration, the areas where the greatest expansion has occurred are concerned with the alleviation of human suffering and the betterment of peoples on planet earth.

Mr. President,

Out of the ashes of the Second World War rose the United Nations casting an aura of hope on war-ravaged nations for a resurgence of reason, and a new era of peace.

The kind of reason that should prevail was seen as a vindication of human aspirations over the raison d'etat. Powerful governments had been blind to human yearnings, and had led their peoples to the catastrophe of war. From now on, succeeding generations must be saved from the scourge of war.

For peace ...

For peace to endure there must be a collective will that would enforce it. Such a will would be expressed through sanctions declared by the organization where representatives are appointed by their governments.

In principle, it is the correct approach, since the organization is composed of sovereign states. However, subsequent developments have demonstrated that the basis on which the United Nataions was founded has been weakened by violations of the principles enshrined in the Charter. As long as governments adhere strictly to their obligations under the Charter, the organization will undoubtedly be able to respond, in full measure, to the requirements of our contemporary world.

Herein might lie one of the inherent imperfections of the organization. The assumption that the genuine aspirations and yearnings of peoples are expressed through their governments has not always been proven correct. Governments do not necessarily always follow human exigencies in their conduct of foreign policy. Often, the vagaries of human experience cannot be brought to bear upon hard and urgent issues which require prompt and decisive actions.

Yet, the United Nations can only be--in the words of the first Secretary-General of the United Nations, Mr. Trygve Lie--"what the member governments want it to be--neither better nor worse."

More recently, the present Secretary-General, in his current report on the work of the organization, has written that "it is mainly up to governments to decide if they wish to cooperate in building--- a useful, coherent, effective institution, or whether they choose the alternative that may sometimes seem easier in the short run, each taking their own short-sighted and self-interested course."

However, there is growing evidence that public debate in a forum, where government representatives must sooner or later be responsive to public reaction, has brought about an emerging awareness of the human dimensions in international affairs. Not only has the individual been vested with greater rights and duties on the international scene, but many international problems are viewed more and more in human terms.

Mr. President,

Technological advances in mass communications have also assisted in bringing the pathos and drama of human tragedies to wider audiences. Public opinion is influenced by what we read, hear or see, from the tragic conflicts in the Middle East and Central America and the plight of starving peoples in the Sahel, to the displaced persons fleeing foreign aggression and occupation in Afghanistan and Kampuchea, and the oppressed blacks of Namibia and South Africa yearning for liberty and human dignity.

There are also efforts to distort and misrepresent information for public consumption. However, such efforts are designed also to appeal to the heart and to the head. In the battle to win the minds over such important issues as man's survival and development, human fears and needs are often cited. Thus, ordinary human beings and their concerns have come, more and more, to assume a central role on the international stage.

Mr. President,...

Mr. President,

The United Nations has also been instrumental in bringing this situation about. With its earlier preoccupation with decolonization, the majority of its members to-day are states whose peoples had been subjected to colonial rule. The fact that they were liberated from the yoke of colonialism imbues the process of decolonization with human significance and appeal. The same process continues to-day with regard to the situations in Namibia and elsewhere.

Mr. President,

The work of the United Nations, and its specialized agencies and other bodies, in the fields of economic and social development has gained and retained worldwide support, because of its human dimensions. Indeed, it is not surprising that such programs as immunization of the world's children, better habitats for the rural population, the role of women in development, and food security for all, are issues which command unanimous support.

At the other extreme, perception in human terms of such issues as nuclear arms race, terrorism and indiscriminate violence has incurred wide-ranging public debates and the increasing attention of governments and international fora. The danger of annihilation posed by a nuclear war is a rightly perceived as the ultimate threat against, not just states or governments, but mankind itself.

Mr. President, ...

Mr. President,

My delegation, therefore, believes that the credibility, and indeed the future viability of the United Nations depend on the perception of men and nations of how well the organization continues to maintain, not only International Peace and Security, but also its capacity to better the existence of and the prospects for the human individual.

On peace and security, my delegation agrees with the assessment of the Secretary-General in his annual report, particularly on the useful role of the Security Council. It is indeed an honour for Thailand to be elected to serve, for the first time in our history as a non-permanent member in that body, and we have tried to approach all issues with customary moderation and objectivity, on the basis of principles and in the interest of peace and harmony among nations. The fact that Thailand does not belong to any ideological grouping in the Council should assist us in obtaining a balanced perception of many such issues.

The important issues which have come before the General Assembly tend also to involve international Peace and Security, and at the same time relate to the human consequence which requires international humanitarian action. Situations in Southern Africa, Middle East, Afghanistan, and Kampuchea are cases in point. All these

problems ...

problems confront the international community with the task of coping with the massive influx of refugees and displaced persons to neighbouring countries. While aggression, foreign occupation and alien domination continue unabated, the cries of the victims have not gone unnoticed by this Assembly.

On Kampuchea, for instance, the General Assembly has adopted, by an increasing majority, resolutions which condemn the foreign aggressor and his military occupation of the small, hapless neighbour, thus posing a threat to peace and security of the whole region and beyond. The same resolutions also address the enormous humanitarian problems arising from the tragic situation. The significant support rendered by the international community year after year is a proof that the plight of the Kampuchean people speaks more loudly than any cunning manoeuvre or confusing tactic on the part of the aggressor. Ultimately, however, the root cause of the problem, namely the illegal Vietnamese occupation of Kampuchea, must be resolved, so as to enable the Kampuchean people to exercise their basic human right of self-determination.

Mr. President,

Other problems which touch human individuals and their livelihood are also being given higher priorities on the international agenda. While such problems as food shortage and drug abuse seriously impair the social and economic fabrics of societies, their main impact is still perceived to be on the individual. This accounts for the outpouring of sympathy and support for the victims from all walks of life,

transcending ...

transcending geographical and ideological boundaries. The food aid programmes for Ethiopia and other African countries, and the forthcoming consensus to convene an International Conference on Drugs evince the immediacy of public concern with these problems. Perhaps there is a need to emphasize, in a similar manner, the human dimensions of such other problems as North-South issues, in order to obtain greater public support and wider international cooperation.

In his annual report, the Secretary-General states: "we are facing economic changes of such magnitude and complexity that no country can adjust to them in isolation. We see this, for example, in attempts to protect domestic jobs from import competition, which result in the exporting of unemployment. What is clearly required is a wider vision and more dynamic understanding of the global nature of the problem we are facing. Such a vision has to be based on the open recognition of interdependence and the practical necessity of a fair sharing of burdens and of the accommodation of others."

Mr. President,

There are fewer problems deserving of urgent international attention than poverty which affects the economic and social well-being of a billion people. While academicians and politicians tend to discuss such issues in the abstract or in keeping with the narrow interests of their constituencies, statesmen should be endowed with sufficient foresight to see the immense catastrophe that this situation, if prolonged or exacerbated, would lead all of us into.

There are ...

There are areas where a government with the support of the people must be primarily responsible for corrective measures or necessary adjustments. The Royal Thai Government is among those governments, particularly in the developing world, which can be proud of the numerous achievements in the economic and social fields. However, there are matters beyond the pale of domestic jurisdiction which can worsen the prospects for all, especially the developing countries. Because of their backwardness and vulnerability, the poorer countries, and the poorer people in those countries, would be the first to succumb to the fall-outs from a trade war. Such problems as the international debt crisis and the rise of protectionism in the industrialized countries can only spell unmitigated disaster, firstly, for the developing countries, followed by world-wide repercussions.

The better alternative is to work together to develop a freer economic climate and trading system, where all parties would derive just and lasting benefits. Small developing countries can resort to regional cooperation, in order to ensure for themselves and their own peoples a greater measure of self-reliance and confidence in dealing with others. This does not mean that such regional endeavours are designed to create a confrontation with other countries or groups. On the contrary, cooperation that is based on equality yields more lasting benefits in the long run.

What good would the third United Nations Development Decade do, if million of poor families would become destitute due to a loss of their honest livelihood in a world which has brought heightended consciousness, hopes and expectation within their reach.

Mr. President, ...

Mr. President,

How can human rights be relevant if over 20 million black people in South Africa and the entire Palestinian people are deprived of their basic rights and human dignity, and the millions of people of Afghanistan, Kampuchea and Namibia are forced either to live under foreign occupation or flee their homeland?

Mr. President,

To what extent can the quality of life be improved, when man is living under the constant threat of annihilation, and when ever larger amounts of resources are being expended on destructive weapons instead of being put to constructive use?

Mr. President,

In the forthcoming decade, the United Nations should, therefore, focus more of its attention on such questions, where the benefit would rebound to the vast majority of the people of the world. Thus the results of the United Nations efforts would be felt, more and more, in their hearts and minds. In turn, the organization's relevance would be enhanced in their perception, thus gaining their loyal and active support for an organization which then would become a genuine "town-meeting" of the world.

Mr. President, ...

Mr. President,

Let the next decade begin with a fanfare for the common man.

Mr. President,

I would like to close by paying a warm tribute to our Secretary-General. It is fitting that he should be the one to oversee the commemoration of the 40th Anniversary of this Organization. He has served, with great distinction, his country as her permanent representative, then spent many years in the Secretariat in senior and responsible positions. He knows the United Nations "inside and out" so to speak. His commitment is to the success of the world organization, and its noble aims and objectives. Thailand has been host to many United Nations bodies, including the Economic and Social Commission for Asia and the Pacific (ESCAP),and the regional headquarters of several specialized agencies. While Thailand has derived some benefit from this, the benefit is not one sided, but accrues also to the organization as well as its regional members. As we enter a new decade, I would like to pledge Thailand's unstinted cooperation with the Secretary-General in fulfilling the commitment which we share in common.

Thank you, Mr. President.

****

File

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cc FCO

10 DOWNING STREET

THE PRIME MINISTER

9 August 1985

Dear Secretary-General,

Thank you for your letter of 10 June, commending the resolution recently adopted by the UNICEF Executive Board about the 40th Anniversary of the United Nations. I agree that through its vaccination programmes for children UNICEF is making a valuable contribution towards the improvement of primary health care throughout the world.

My Government has been pleased to support UNICEF in its general and emergency activities, and we will be glad to confirm this support during the 40th Session of the United Nations Assembly.

Yours sincerely

Margaret Thatcher

His Excellency Senor Javier Perez de Cuellar

SRW

010

Foreign and Commonwealth Office

London SW1A 2AH

7 August 1985

Dear Tim,

I attach a letter from the United Nations Secretary General to the Prime Minister which we have received through our Mission to the United Nations in New York. (Although dated 10 June 1985, the letter was not delivered to our Mission until 8 July.) I also enclose the draft reply which we suggest the Prime Minister should send to Senor Perez de Cuellar.

We recommend that the Prime Minister should confirm our continuing commitment to the objectives of the immunization campaign and support the suggestion that a reference to the campaign is made during the General Assembly Debate to observe the 40th Anniversary of the United Nations.

Yours ever,

Peter Ricketts

(P F Ricketts)

Tim Flesher Esq
10 Downing Street

DRAFT LETTER FOR SIGNATURE BY THE PRIME MINISTER

to:
His Excellency Senor Javier Perez de Cuellar
Secretary General
The United Nations
New York

Thank you for your letter of 10 June, commending the resolution recently adopted by the UNICEF Executive Board about the 40th Anniversary of the United Nations. I agree that through its vaccination programmes for children UNICEF is making a valuable contribution towards the improvement of primary health care throughout the world.

My Government has been pleased to support UNICEF in its general and emergency activities, and we will be glad to confirm this support during the 40th Session of the United Nations General Assembly.

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10 DOWNING STREET

From the Private Secretary

5 July 1985

UNITED NATIONS 40TH ANNIVERSARY

The Prime Minister told the Foreign Secretary this afternoon that she had decided that she would not attend the celebrations of the 40th Anniversary of the United Nations in New York in October. Parliament would resume on 21 October and she felt that she ought to be back in London for Prime Minister's Questions that week. It seemed unlikely in any case that the celebrations would amount to much. The Foreign Secretary thought that in principle this was right though we should keep open the possibility of changing the decision in the unlikely event of some dramatic change in the plans for celebrating the 40th Anniversary.

The Prime Minister would like us to inform the Chinese Government of her change of intentions, since she told Premier Zhao Ziyang that it was her plan to go to New York. We should base our explanation on the fact that Parliament will have reassembled and that her presence will be required in London.

(C.D. Powell)

Len Appleyard, Esq.,
Foreign and Commonwealth Office

SPW

Je vk

10 DOWNING STREET

From the Private Secretary

2 July 1985

The Prime Minister has asked me to thank you for your telegram repeating the Council on Foreign Relations' invitation to her to address a meeting in the autumn.

The Prime Minister has still not reached any final decision on whether to attend the United Nations General Assembly and if so when. I am afraid, therefore, that it is not possible for me to propose any date when she could address the Council. I shall get in touch with you again once a decision is reached.

(CHARLES POWELL)

Ms Margaret Osmer-McQuade

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TO: THE RIGHT HONORABLE MARGARET THATCHER

PRIME MINISTER

NO. 10 DOWNING STREET

LONDON, ENGLAND

PPS R2. CF.

FURTHER TO OUR LETTER OF 29 APRIL, COUNCIL ON FOREIGN RELATIONS EAGER TO SET SPECIFIC DATE FOR MEETING IN YOUR HONOR HERE AT OUR NEW YORK HEADQUARTERS SHOULD YOU ATTEND UNITED NATIONS GENERAL ASSEMBLY THIS FALL. OUR FALL CALENDAR IS FILLING RAPIDLY, SO ARRANGEMENTS MUST BE MADE SOONEST IN ORDER TO ASSURE MUTUALLY CONVENIENT DATE FOR SUCH OCCASION. WE LOOK FORWARD TO HEARING FROM YOU, AND TO WELCOMING YOU TO COUNCIL ON FOREIGN RELATIONS.

MARGARET OSMER-MCQUADE

DIRECTOR OF PROGRAMS

COUNCIL ON FOREIGN RELATIONS

TELEX: 239852 CFR UR

COL TO: NO. 10 LONDON, 29 APRIL, FALL. RAPIDLY, OCCASION. YOU, RELATIONS. OSMER-MCQUADE TELEX: 239852

LE SECRÉTAIRE GÉNÉRAL

10 June 1985

Dear Madam Prime Minister,

As we observe the 40th Anniversary of the founding of the United Nations, I should like to commend to your personal attention the contents of the enclosed resolution that was adopted unanimously by the UNICEF Executive Board at its recently concluded session.

The resolution articulates the possibility of achieving the goal of universal immunization of young children by 1990, through accelerated action in line with a goal already established by the World Health Assembly. The endeavour could result in saving the lives of several million children each year and in preventing a comparable number from suffering permanent disabilities.

Experience in several countries, some of which have doubled or even trebled their immunization rates in the recent past, has already shown that mobilizing a society's organizational and communications resources in support of an effective national immunization programme can have the most far-reaching cumulative effect. In particular, it can lend momentum to other primary health care approaches as supported by WHO and UNICEF. While much work remains to be done before the goals of the resolution are finally achieved, I am convinced that their reaffirmation in 1985 could have a significantly positive effect and I attach a brief background paper that elaborates this point.

With these considerations in mind I should like to express my hope, Madam Prime Minister, that under your personal guidance your Government will reaffirm its commitment to these objectives in its statements during the 40th session of the

Her Excellency
The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland
London

General Assembly which will be held later this year. I am convinced that your leadership, in concert with that of other heads of government, would advance these most important efforts for the well-being of our children and the future of the world.

Please accept, Madam Prime Minister, the assurances of my highest consideration.

Javier Pérez de Cuéllar

MJ2AKQ

cc HMA Washington

10 DOWNING STREET

From the Private Secretary

8 May 1985

The Prime Minister has asked me to thank you for your letter of 29 April in which you renew the Council's invitation to her to address a meeting of its members next autumn.

No decision has yet been reached on how the United Nations will celebrate its 40th anniversary this autumn and there are at present no firm plans for the Prime Minister to visit New York. The Prime Minister is very much aware of the high standing of the Council and hopes that you will keep open your invitation to her. But I cannot at the moment say when she might be able to take it up.

Charles Powell

Ms Margaret Osmer-McQuade

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JR(3)
bcPC

10 DOWNING STREET

From the Private Secretary

2 May 1985

40TH ANNIVERSARY OF THE UNITED NATIONS:
HIGH LEVEL SECURITY COUNCIL MEETING

Thank you for your letter of 1 May about the idea which has been floated of holding a Security Council Meeting at Heads of Government or Heads of State level in the course of the celebrations of the 40th Anniversary of the United Nations.

The Prime Minister agrees that it is not for us to push this idea. But we should not exclude the possibility of a Security Council Meeting in September. This is generally compatible with the line proposed in your letter except that sub paragraph (b) might be reworded:

> "that we would equally be ready to see the meeting held as part of the main Anniversary celebrations around 24 October;"

(C. D. POWELL)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

CST

10 DOWNING STREET

Prime Minister

An interesting idea, which could be valuable. Not for us to push it. But the proposed line for us should not exclude the possibility of a Security Council meeting in September under your Chairmanship.

Agree? Yes

CDP 1/5

cc PC
(1)

Foreign and Commonwealth Office

London SW1A 2AH

1 May 1985

Dear Charles,

40th Anniversary of the UN: High Level Security Council Meeting

In my letter of 15 April on the 40th Anniversary of the UN I mentioned that the French Permanent Representative in New York had floated the idea of a Security Council meeting at Heads of Government/State level in the course of the celebrations of the 40th Anniversary of the United Nations in New York this Autumn. On 26 April the UN Secretary-General also raised this idea, though not as a French suggestion, with our Permanent Representative Sir John Thomson. Sr Perez de Cuellar was anxious that his confidence should be closely guarded.

Sr Perez de Cuellar told Sir John Thomson that he had been given to understand informally by the Russians that Mr Gorbachev planned to come to the 40th Anniversary celebrations in October, with Mr Gromyko attending as usual the opening of the General Assembly in September. However, the Secretary-General said that President Mitterrand, whom he had seen last week in Paris, was sensitive to the possibility that the October celebrations would lead to the two superpowers overshadowing their colleagues. President Mitterrand had left the Secretary-General with the clear impression that he was thinking of coming to New York in September with the intention of participating in a Security Council meeting at top level with the Prime Minister in the chair (the UK is President of the Security Council in September). The Secretary-General told Sir John Thomson that he thought Mr Gorbachev would also be willing to attend a Security Council meeting under the Prime Minister's chairmanship, but not under that of President Reagan (the US has the Presidency in October). The Secretary-General apparently would like to see a Security Council meeting take place at Head of State/Government level; and Sir John Thomson has recommended that we should give him some indication of our thinking. Sir John has also suggested that the Bonn Summit might provide an opportunity for discreetly sounding out President Mitterrand and President Reagan on the subject.

There are attractions in the idea of a Security Council meeting at high level in the course of the celebrations of the 40th Anniversary of the United Nations this Autumn. Such a meeting would give due recognition during the celebrations to the pre-eminent role of the Security Council within the UN organisation. It would underline the importance of our own position as a Permanent Member. It would also provide the occasion for the Prime Minister to have a further meeting with Mr Gorbachev.

/ From ...

From what the Secretary-General has told Sir John Thomson, it looks at present as if such a meeting might be easier to set up in September as opposed to October, because of Mr Gorbachev's disinclination to meet under American chairmanship and President Mitterrand's apparent preference for the earlier date. A September meeting of the Security Council at top level obviously has attractions to us because the Prime Minister would be in the chair. But there are drawbacks. The meeting might be overshadowed by the summit meeting (assuming this took place around the same time) between President Reagan and Mr Gorbachev, rather than as a natural part of the 40th Anniversary celebrations if it were held around 24 October. Secondly, it is by no means clear whether the Chinese or the other, non-permanent, members of the Security Council would agree to come in September when the main Anniversary celebrations were due to be held in October. Thirdly, if the Council were to meet in September there might be greater pressure for it to achieve something concrete rather than simply issue a ceremonial declaration.

The Foreign Secretary therefore suggests that our position on the idea should at this stage be:-

(a) that we are prepared to attend a high level meeting of the Security Council as part of the UN 40th Anniversary celebrations in September if the other members, particularly the permanent members, so wish;

(b) that we would also see advantage in holding the meeting as part of the main Anniversary celebrations around 24 October if this could be arranged; and

(c) that the idea of such a high level meeting is something on which the Secretary-General himself will, we hope, make the running.

If the Prime Minister agrees, we would instruct Sir John to make these views known to the Secretary-General.

The Prime Minister may wish to consider whether she might touch on this subject with President Mitterrand in Bonn (bearing in mind the Secretary-General's confidence). We doubt whether it is worth raising it specifically with President Reagan as well. We would guess that the Americans are unlikely to regard such a Security Council meeting as a high priority at this stage in their planning for a summit meeting with Mr Gorbachev.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

PM TOURS : CHOGM : June 1984

COUNCIL ON FOREIGN RELATIONS, INC.

THE HAROLD PRATT HOUSE | 58 EAST 68TH STREET, NEW YORK, N.Y. 10021 | TEL. (212) 734-0400

CABLE: COUNFOREL, NEW YORK | TELEX: 239852 CFR UR

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April 29,1985

PL715

The Right Honorable Margaret Thatcher
Prime Minister
No. 10 Downing Street
London, England

Dear Madam Prime Minister:

On behalf of the Council on Foreign Relations, I would like to invite you to address our members at a meeting to be held in your honor in the fall here at our New York headquarters should you be planning to attend the United Nations General Assembly.

We regret that you have not yet been able to accept one of our numerous invitations, the last, for our Sons and Daughters Meetings in December, but hope that you will consider our invitation at this time. We beleive the Council is a unique forum for high level non-partisan consideration of international affairs as our membership are leaders in their fields and represent all aspects of the political spectrum in America.

We anticipate that this fall will be our busiest season ever due to the fortieth anniversary of the United Nations, and so we are beginning already to schedule important meetings with those speakers we are most eager to have address our members during that period.

We hope you will look with favor upon our invitation, and look forward to hearing from you to set a firm date for such an event. It would be a great honor to welcome you back to Pratt House next fall.

Sincerely,

Margaret Osmer McQuade

Margaret Osmer-McQuade
Director of Programs

MOMcQ:cet

1945-1985
40 Years of
United Nations
Service to the World

UNICEF: The Children's Fund of the United Nations

25 April 1985

UNITED NATIONS CHILDREN'S FUND
Executive Board
1985 session

RESOLUTION BY THE EXECUTIVE BOARD OF UNICEF ON OBSERVANCE OF THE 40th ANNIVERSARY OF THE UNITED NATIONS

Bangladesh: draft resolution

The Executive Board of the United Nations Children's Fund,

Reaffirming its commitment to the principles and objectives of the Charter of the United Nations;

Taking note of resolution 39/161(A) of the General Assembly on the observance of the 40th Anniversary of the United Nations;

1. Urges that special attention should be paid to the well-being and interests of the children, future citizens of the world, in connection with the observance of the 40th Anniversary and that all countries should continue to attach high priority to the needs and development of children as integral elements of national plans and policies;

2. Draws the attention of world leaders to the importance of reaffirming on this occasion their increased commitment to accelerating the implementation of the child survival and development revolution and achieving universal immunization by 1990 with the objective of reducing dramatically the number of deaths among children from preventable causes;

3. Requests that the Declaration to be adopted by consensus on 24 October 1985 at the end of the commemorative session may also include reference to these important goals and objectives for the welfare of children;

4. Also requests the Executive Director to bring the contents of this resolution to the attention of all concerned.

Universal Immunization by 1990

At the World Health Assembly in 1974 member states committed themselves through their Health Ministers to achieving universal immunisation of all children by 1990. With the successful eradication of smallpox through the effort organized by WHO, universal immunisation seemed an increasingly attainable objective, which was included in the goal of "Health for All by the Year 2000 through Primary Health Care" adopted at the WHO-UNICEF conference at Alma Ata in 1978, and subsequently unanimously endorsed by the United Nations General Assembly in 1979.

Many factors have impeded progress, however, with the result that by 1983 less than one quarter of the children of the developing countries were fully immunised. The present reality is that across the developing world more than 4 million children die, and a comparable number are permanently disabled, by diptheria, whooping cough, tetanus, measles, poliomyelitis and tuberculosis. On the "supply" side, i.e. making effective immunisation available to children, the impeding factors included inadequate cold-chain systems (refrigeration for vaccines), lack of trained vaccinators, lack of transport, and insufficient primary health care infrastructures at the community level. An even more important lack is on the "demand" side, i.e. creating among parents the understanding of the importance of, and desire for, immunising their children for the three times required for full coverage against the six major diseases.

Fortunately, there is increasingly widespread recognition by national leaders that a virtual revolution in child survival and development could be achieved before the end of the century at low financial and political cost - <u>if</u> only people want it - by regular monitoring of children's growth, by the use of oral rehydration therapy to prevent many deaths from diarrhoeal dehydration, by protecting the practice of breast-feeding, and by immunizing every child against killing and maiming diseases for which vaccines exist.

The "supply" side is gearing itself up to respond to the present immunization opportunity. Better vaccines are increasingly available and inexpensive. While more funds for further improvements in supply are needed, totalling several hundred million dollars annually from both developing and industrialized countries, the amounts are modest in relation to the tremendous benefits from achieving high levels of immunisation.

An even more important need is on the "demand" side of a dynamic health equation - the education and motivation of all parents to recognize that their children can be saved from possible death and disablement from many killer diseases if they would only have them immunised. Until parents understand the value of this preventive measure and follow through despite the difficulties it may involve - including the onset of fever that often follows vaccination - they will not readily actively seek full immunisation for their children.

~~40th Anniv of UN~~ new file.

In 1984 and 1985, the full commitment of a number of political leaders to the need for immunising all children against a broad range of diseases has led to remarkable increases in the immunisation rates in such diverse countries as Brazil, Burkina-Faso, China, Colombia, El Salvador, Indonesia, Nigeria and Pakistan. In India, the rate of vaccination has been dramatically accelerated in several populous areas, and Universal Immunisation by 1990 has now been adopted as a Living Memorial to Indira Gandhi. These reports indicate that the Expanded Programme of Immunisation goal can be reached by 1990 in virtually all countries where national leadership is actively dedicated to supporting achievement of the goal and relatively modest amounts of external financial support are available.

These recent successes demonstrate that through the investment of effective political will at the highest levels a wide range of national resources can be mobilised and galvanised at extremely low financial cost to create the climate of hope and trust needed to generate active demand for immunisation from parents, particularly of the poorest and most vulnerable families. The news media, interpersonal communications channels, religious bodies of every denomination, health workers and school teachers, trade unions, and the business community will rally to save a nation's children from preventable disease and disability if a clarion and sustained call is made by respected national leaders.

Information and knowledge about simple but essential health actions can now reach people by the penetration of communication media into the most remote rural communities. And the development of social marketing techniques can now effectively convey simple messages designed to bring about changes in attitude and practice which are easily understood by mothers, even those with low education levels.

The United Nations system, and particularly WHO and UNICEF with the active support of Secretary-General Perez de Cuellar, has been working hard over recent years not only to raise the necessary funds but also to mobilise political will and enthusiasm needed to pursue this objective as one of the realistic possibilities of intensifying these efforts which are humanitarian in character and also essential prerequisites for long-term social development.

It is now indeed possible, through the child survival and development actions proposed, to raise health conditions to levels that would permit the great majority of all children of today, who will be the citizens of the world in the year 2000, to lead a socially and economically productive life. There could be no more eloquent argument for the value of the United Nations system.

E.R.

CONFIDENTIAL

(2)

PRIME MINISTER

MT

UN 40th Anniversary

The Foreign Secretary feels that it is too early to give you firm advice. It is not yet clear what other Heads of Government will do: or when Mr. Gorbachev will go to New York. But the most likely scenario is that a considerable number will attend the ceremony on 24 October.

It would be prudent therefore to plan on your going to New York on 23 October and stay for the ceremonies on 24 October.

The question will then arise whether you should address the General Assembly on 23 October. This will depend in part on what other Heads of Government plan to do: in part whether there is some particular message to convey. My feeling is that it is not the best occasion on which to get attention for our views.

You might, however, take up one of the many other invitations to speak in New York which are outstanding.

Or you could pay your promised visit to Bermuda en route to New York.

CDP

C.D.P.

CR Noted CR, But she will have been away from HMC rather a long time. CR

to note
defer
CDP

C.D. Powell
24 April 1985

CONFIDENTIAL

CC/PC

Foreign and Commonwealth Office

London SW1A 2AH

24 April 1985

Dear Charles,

40th Anniversary of the UN

We discussed on the telephone your letter of 16 April which crossed with Peter Ricketts' letter of 15 April about the arrangements to commemorate the 40th Anniversary of the UN. As regards attendance by the Prime Minister, you asked us to consider the following preferences:

(i) a speech to the General Assembly on the way to CHOGM (ie about 16-17 October) and then no visit to New York after CHOGM;

(ii) a speech to the Assembly on 23 October, immediately after CHOGM and then leave before the ceremonies on the 24th;

(iii) least attractive: appearance at the ceremony on the 24th without a speech.

It is still too early to give firm advice. Much will depend on the intentions of other leading Heads of State/ Government, ie whether they will wish to speak to the General Assembly and/or to be present at the ceremony on 24 October, as well as on the substance of the Declaration to be adopted at that ceremony, and whether there will be any commemorative meeting of the Security Council. The latest information from New York is that few, if any, delegations have firm instructions from their capitals on attendance. A key factor will be the intentions of Mr Gorbachev and of President Reagan. In the preliminary discussions in New York, the Soviet delegation has been at pains to secure procedural arrangements compatible with Mr Gorbachev's participation. As regards President Reagan, the American delegation in New York have no indication of what may happen beyond saying that the possibility of his coming to New York on or around 24 October should not be ruled out.

In these circumstances, the Foreign Secretary thinks that we should at this stage keep open the possibility of the Prime Minister both attending the ceremony on 24 October if other major Heads of State or Government intend to be present, and giving a speech to the Assembly on the preceding day if this seems appropriate, and if she wishes to do so. In practice, this could

/ mean ...

mean her flying from Nassau to New York on the afternoon of 22 October after the end of CHOGM: giving a speech on 23 October and attending the lunch or dinner which the Secretary-General seems likely to offer to visiting Heads of State or Government on that day: and staying on for the ceremony on 24 October. This is in effect a combination of options (ii) and (iii) above. Option (i) above would only have attractions if it were clear that few if any major Heads of State intended to be present at the ceremony on 24 October. Option (ii) as it stands might create the wrong impression if a large number of Heads of State/Government do intend to be present on 24 October for the speeches of the Secretary-General and the President of the General Assembly and for the formal adoption of the commemorative declaration.

The press reports that Mr Gorbachev will be going to the UN 'in September' appear to be based on a comment in Moscow that he would be attending the UN this autumn. We will be trying to clarify Soviet intentions - but the option of a visit by Gorbachev in October does not seem to be foreclosed.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CHOGM? PM TOURS

(1)

10 DOWNING STREET

Prime Minister

There was not in the event time to discuss this with the Foreign Secretary.

Do you have any preference between the options?

CDP
17/4.

We will discuss next time MT

DCAAOL

GR

bc, Pc

10 DOWNING STREET

From the Private Secretary

16 April 1985

40th Anniversary of the United Nations

For the purposes of planning the Prime Minister's engagements later in the year it would be helpful to have an early recommendation from the Foreign and Commonwealth Secretary whether the Prime Minister should go to the United Nations this autumn to mark the 40th Anniversary. Her inclination is to think that she should, perhaps immediately after the Commonwealth Heads of Government meeting in the Bahamas, though she would not exclude a separate brief visit to New York.

I confess that I am not quite clear whether there are to be any special functions to mark the 40th Anniversary which it would be appropriate for the Prime Minister to attend; or whether it is simply a question of her addressing the General Assembly in the normal course of events.

Could you please let me know what the Foreign Secretary thinks? He might wish to discuss it with the Prime Minister at one of their bilateral meetings.

(C.D. Powell)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

BT

(1)

Prime Minister

The options seem to be:

(i) attend the commemorative session on 24 October & not speak. But its a Thursday: and you will have been away since 16 October.

(ii) go to New York to speak on 23 October & fly home that evening.

(iii) go to New York to speak immediately before CHOGM or on some other date in October.

Agree to discuss with Foreign Secretary?

Yes

CDP 16/4.

Foreign and Commonwealth Office
London SW1A 2AH

15 April, 1985

Dear Charles,

40th Anniversary of the UN

I last wrote to you on 18 February about arrangements to commemorate the 40th Anniversary of the UN in New York this autumn, in the context of a letter to the Prime Minister from Charles Irving MP. You may like to brought up to date on the arrangements for this commemoration as they are now envisaged in New York.

Early attempts, which we and our Community partners supported, to limit the commemoration to a short ceremony, with only a few speakers, failed because of the widespread desire amongst the non-aligned to allow Heads of Government to speak if they so wished. Intensive discussions in New York have now led to an agreed formula the essential points of which are;

(a) All statements made by Head of State or Government and special envoys during the entire fortieth session in 1985 would be considered as part of the commemoration;

(b) The general debate would be held as usual for a three-week period from 23 September to 11 October, on the clear and explicit understanding that statements made by Head of State or Government and special envoys during that period would also be considered as part of the commemoration;

(c) Between the conclusion of the general debate and the commemorative ceremony to be held on 24 October, Heads of State or Government and special envoys may address the General Assembly in connection with the fortieth celebration;

(d) The culmination of this period would be on 24 October with a solemn ceremony to hear statements by the Secretary-General and the President of the General Assembly and to adopt a final declaration by consensus.

The Foreign Secretary plans to attend the General Debate as usual in the week beginning 23 September addressing the General Assembly on Wednesday 25 September. The above formula leaves open the possibility of the Prime Minister attending the Assembly between 11-24 October and speaking if she wishes. The Foreign Secretary will wish to consider nearer the time whether to recommend that the Prime Minister should attend. The obvious option which remains open is that she might fly on to New York from Nassau after CHOGM which ends on 22 October, to attend the commemorative session itself on 24 October.

Discussion in the Preparatory Committee has focussed on the nature of commemorative activities at the General Assembly. The French Permanent Representative has also floated to Sir John Thomson the idea that the Security Council should also issue a Declaration to mark the 40th anniversary with the implication that the Council should meet at Heads of State or Government level to do this. There has however been no more formal French suggestion along these lines.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

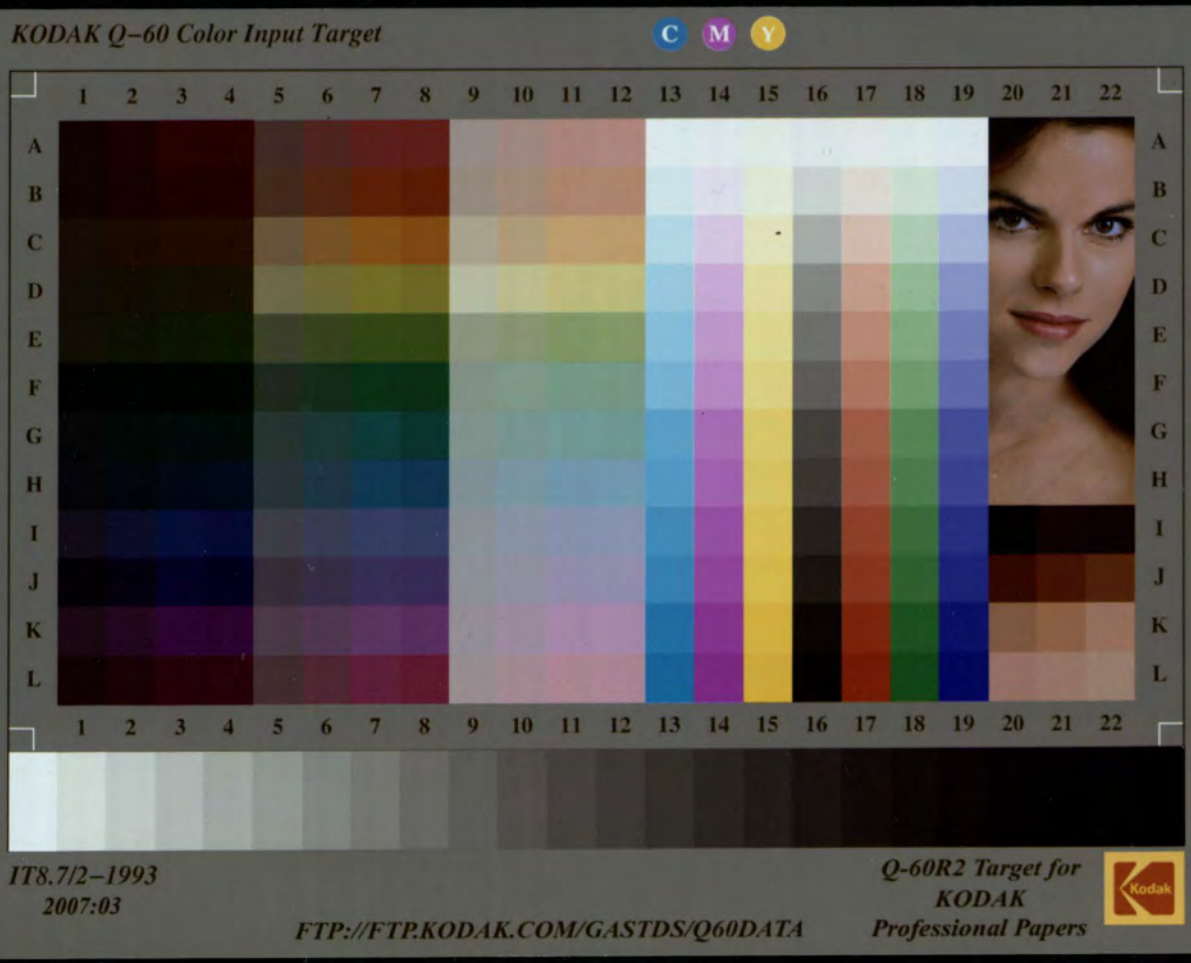
C D Powell Esq
10 Downing Street

PART 4 ends:-

CDP to FCO 6.3.85.

PART 5 begins:-

FCO to CDP 15.4.85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