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PREM 19/3340

PART 2

SECRET

CONFIDENTIAL FILING

PM'S WEEKLY MEETINGS WITH
THE FOREIGN SECRETARY

FOREIGN POLICY

PART 1: SEPT 1983

PART 2: OCT 1987

PREM 19/3340

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
21.10.87		19.7.88		31.10.89			
9.11.87		6.9.88		13.11.89			
24.11.87		25.10.88		21.11.89			
7.12.87		8.11.88		17.1.90			
15.12.87		22.11.88		23.1.90			
3.1.88		20.12.88		30.1.90			
26.1.88		15.1.89		7.2.90			
2.2.88		18.1.89		14.2.90			
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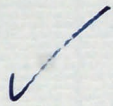
PART 2 ends:-

ODP to PM 18.12.90

PART 3 begins:-

ODP to PM 15-1-91

PRIME MINISTER



BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, probably the last until well into the New Year. The subjects he wants to cover are:

Iraq

He will want to tell you about his conversation with Secretary Baker in Paris yesterday. You will find a telegram in the folder. He may also raise the question of the future of our Embassy in Baghdad: whether we should start to slim it down ahead of 15 January or even pull out altogether.

GATT

Again he will want to say a word about contacts he had in Brussels yesterday about the way ahead on GATT.

Soviet Union

He will want to give you his views on prospects in the Soviet Union in light of the current meeting of the Congress of Peoples Deputies.

Your visit to Washington

There will have been a briefing meeting earlier in the afternoon at which the main issues can be explored.

Overseas Visits

You are due to go to the Gulf from 6 - 9 January. We are exploring dates for you to visit Paris for lunch with Mitterrand, possibly 14 or 18 January. We are negotiating dates in February for bilateral summits with both France and Germany. You have told Gorbachev that you would be willing in principle to pay a very brief working visit to Moscow at the very end of January or in February. Those apart, we have no visits planned at present.

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Christmas/New Year period

You may like to check with the Foreign Secretary on his movements over the Christmas/New Year period so that one or other of you is always available to react to any significant international development on which an authoritative statement is required.

C.D.P.

CHARLES POWELL

18 December 1990

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SECRET



PRIME MINISTER

Bilateral with the Foreign Secretary

The Foreign Secretary is coming in for a talk on Monday morning. There are a number of issues you will want to cover.

The Gulf

The Foreign Secretary has had extensive discussions with the Americans and Russians in New York. Copies of the reporting telegrams are in the telegram folder in your box. The main question is how best to use the period between now and 15 January to convince Saddam Hussein that he really must withdraw if we are to avoid a war. Various ideas have been floated, including that of a Summit Meeting of the Five Permanent Members of the UN Security Council (although since China abstained on the UN Resolution this seems unlikely). Alternatively the UN Secretary-General might be sent to Iraq as an emissary of the Security Council.

*out
Kees.*

Other diplomatic points which need early decision are:

the advice we should be giving to British dependents and non-essential workers in Saudi Arabia and other Gulf states: should they come home? Or do we risk causing panic and undermining essential services in Saudi Arabia by encouraging them to leave?

*No advice
of think*

and when should we to withdraw our Embassy from Kuwait? The Americans now seem to think their Embassy can hold out until early January: in a new development, the Iraqis seem to be prepared to let certain essential supplies through to them.

Contacts with the Americans

Jim Baker is planning to be in Europe in the third week in December and hopes to see you. You are planning to visit

Washington (without the Foreign and Defence Secretaries) before Christmas, and probably on Friday 21 December.

✓ You have agreed that our Ambassador in Washington should be brought more fully into matters on the Gulf, although the main point of contact with the White House should remain No.10.

Gulf Visit

✓ You will want to take the Foreign Secretary's view on whether you should pay a pre- or post-Christmas visit to our forces in the Gulf. Your original instinct was against, but it has been suggested that holding back from a visit might be interpreted as lack of interest in the fate of our forces.

European Policy

You will want the Foreign Secretary to tell you how he sees the forthcoming European Council in Rome, and the issues likely to dominate there. You will want to sound him out on how controversial discussion on institutional reform is likely to be: and whether the Italian Presidency plan another hijack, as over EMU at the last Rome European Council.

You will want to consider with him the pros and cons of spinning out the IGCs right through 1991 so that they do not come to a head before a General Election in this country.

More widely, you will want to discuss with him the nature of the paper for Cabinet which you commissioned earlier this week on how to build alliances in the Community, in order the better to get our way. You may find that the Foreign Secretary prefers a broader paper setting out the Government's overall approach to Europe, which could even become a White Paper.

Europe: Procedure

Your inclination is to leave OPD(E), under the Foreign Secretary's Chairmanship, as the main body for handling European

issues. In case of unresolved disputes, matters could be reported to OPD itself under your Chairmanship, and eventually to Cabinet. You envisaged, I think, Michael Heseltine becoming a member of OPD(E) (although not necessarily OPD).

At the same time, you are thinking of opening up discussion of European issues in Cabinet itself, in part by encouraging Ministers to discuss issues likely to be raised by forthcoming meetings of the Council of Ministers, rather than just reporting on past ones. You will want to test the Foreign Secretary's reaction to these ideas.

Soviet Union

The question of financial and food aid to the Soviet Union is likely to take a high profile over the next few weeks and we may face some tricky and expensive demands at the European Council. You may want to discuss the tactical handling of this with the Foreign Secretary. Our position so far has been that decisions must await the IMF report on the Soviet economy, due at the end of the year.

President Gorbachev has hinted that you might like to go to Moscow for a talk, perhaps in the second half of January. Again you may want to take the Foreign Secretary's views on the advisability and timing of a meeting.

C. D. POWELL

30 November 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. I understand the main issues which he wants to raise are the following.

European Council in Rome

He wants to discuss the game plan for the period up to the European Council in Rome. It is now only just over a month away. We need to try to construct a coalition of governments who are prepared to set modest and reasonable goals for the Council, rather than see it attempt a dramatic step forward, as the Italians will almost certainly wish (they will probably table proposed Treaty amendments). You are hoping for bilaterals in Paris with Chancellor Kohl and Mr Lubbers: and the Foreign Secretary will be seeing a number of Foreign Ministers over the next two weeks. We ought to be able to build on the feeling that the last Rome Council was not helpful and that it would be better to take things more steadily next time. We shall need a carefully worked out set of arguments to make our case, which both you and the Foreign Secretary could use.

CSCE Summit

I think the Foreign Secretary only wants to say that it is likely to be a fairly boring occasion with 35 Heads of Government having to speak, but worth going for the bilateral contacts and other meetings you can have in the margins. If there is a leadership election, you will be in Paris on the day the results are announced.

The Gulf

Jim Baker's visit last week gave a pretty clear indication of American intentions and plans. The main immediate questions are

the drafting of a UN Resolution (on which you gave approval to the FCO draft): and the question of sending additional British forces. We cannot act on that until Tom King returns from Saudi Arabia.

I have mentioned to the Foreign Secretary your provisional plan to pay a brief visit to the Gulf area straight after the Rome European Council.

United Nations High Commissioner for Refugees (UNHCR)

The post has fallen vacant because the incumbent has gone back to Norway to be Foreign Minister. It is a rare opportunity for us to get our hands on a senior UN/international post. David Owen has expressed interest in it, but subsequently backed off a bit. I think the Foreign Secretary intends to ask you how you would react to the idea of nominating David Owen: and whether you have any other suggestions to make.

C.D.P.

CHARLES POWELL
12 November 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The main subjects to cover are:

The Gulf

You are giving Jim Baker lunch on 8 November, to which the Foreign Secretary will come. American rhetoric against Iraq is escalating. But the American military are still telling ours that they need an extra Corps and won't be ready for action until 1 February. The Defence Secretary had a talk with Cheney today and will fill you in after Cabinet. The President is likely to call you at the weekend.

Follow-up to European Council

There are only just over six weeks to the next European Council and we need to decide how to use them to best effect. The Italians are all too likely to try to pull another stunt in December: probably tabling draft Treaty amendments, in order to pre-empt discussion under the Luxembourg Presidency. Perhaps we should have rival language ready to table simultaneously, so there are at least two versions on the table on EMU. We also need to consider how we construct a coalition of governments which are prepared to set more modest and reasonable goals - Netherlands, Germany, Portugal, Denmark, Luxembourg - and concentrate our diplomatic efforts on them. It might involve you in some heart-to-heart talks with Heads of Government, eg. in the margins of the CSCE Summit in Paris (19-26 November). We need a plan of campaign before the December Council and you might ask the Foreign Secretary to draw it up.

Syria

You told Prince Bandar that any further meetings with the Syrians would need pre-cooked conclusions to ensure a successful outcome. He offered to help sell them to the Syrians in advance. You might ask the Foreign Secretary to let us have a proposal

covering the Syrian attitude to terrorism, undertaking to prosecute anyone in their jurisdiction shown to be involved in Lockerbie, commitment to help over the hostages, which we could pass to Bandar.

Royal Anniversary Trust

The Foreign Secretary wants to discuss with you an approach which he has received from David Wills, proposing the establishment of a Trust to commemorate the 40th Anniversary of The Queen's accession to the throne. The Trust would finance a massive exchange programme for young people. Fuller details are in the folder. Sir David has indicated that he would hope for government financial support - but this seems inappropriate. Sir David is consulting Lord Whitelaw, Lord Carrington and George Younger. The Foreign Secretary wants to give them a steer.

C.D.P.

C. D. POWELL

31 October 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon, the first for some time. Since you discussed Gulf issues very thoroughly with him and the Defence Secretary only yesterday, we might leave these aside at the bilateral. There are three main issues to be dealt with.

European Council in Rome

You will want to have a talk with him about our tactics for the European Council in Rome. Basically, you will want to ensure that full attention is given to current issues - since this is an exceptional Council - rather than focus just on preparations for the two Inter-Governmental Conferences. The particular subjects you wish to see covered are the Gulf, the situation in the Soviet Union and Eastern Europe, the GATT negotiations and South Africa. Indeed you want to use the GATT negotiations - assuming no solution is found by Trade and Agriculture Ministers on Friday - to direct attention to the protectionist conduct of the Germans and their attitude towards issues of crucial importance to the United States. You will not be popular, but it needs to be done.

All that said, there is bound to be significant discussion of preparations for the two IGCs. You are unlikely to have much difficulty with the political union one: the Presidency seem to envisage simply taking note of the Foreign Ministers' (unsatisfactory) report, and asking for further work to be done for December. You will want to take the opportunity to put firmly on record our views of what political union is not: challenge the reaction of ambitions to develop common foreign and security policy: and stress the need to help Europe open to the countries of Eastern Europe. You might also needle Delors about his reported comments on a Federal Europe, in which the Commission is the executive, the European Parliament the legislature and the Council of Ministers the senate. (I suppose we are lucky to be there at all!)

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The discussion on Economic and Monetary Union will be more difficult. The Italian Presidency clearly intend to argue that preparation for the IGC are complete. They may go beyond this and try an ambush, such as getting a commitment to start the second stage of EMU on 1 January 1994 (although Delors is opposed to this now, preferring to wait until December). If the Presidency do this, it can be no more than a political commitment by eleven Member States with no legal basis. The wider tactical question which you face is whether you want on this occasion to come out with a clear 11:1 split: or use it instead to try to build some tactical alliances with those Governments - and there are quite a few - who have misgivings about the practical aspects of the Delors plan, even if they are prepared to subscribe to the distant objective of a single currency. I would see a lot of advantage in trying to increase the divisions amongst Member States at this meeting, by focusing on the technical weaknesses of the Delors proposals, and on the absurdity of grandiose master plans for EMU instead of proceeding in the light of experience. I think this way you could end up with the Council reflecting much more disparate views than the 11:1 split which some other Community members would like to see.

State Visit by President Gorbachev

The Foreign Secretary wants to sound you out on whether Gorbachev should be a candidate for a State Visit in 1991.

Ambassador to South Africa

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C.D.P.

(CHARLES POWELL)

24 October 1990

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ACT 2000

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, the last before September. The subjects to cover are:

- Czechoslovakia. He has just returned from a visit, and will have discussed the programme for your visit in September. We still don't know for sure whether the proposed overlap with President Mitterrand is on.
- Meeting with President Bush. You are to have a meeting with the President in Aspen on 2 August. He said in Houston that one of the main issues he wanted to discuss was the future of US/European relations, on which he saw problems coming. There are faint hints of American dissatisfaction with the way the Germans are pushing a strong European line 'against' the US: and rushing off to settle important issues direct with the Russians. Having now achieved their main aim of a United Germany in NATO, the Americans may be rather less convinced of the need to handle the Germans with kid gloves.
- Middle East. The situation between Iraq and Kuwait is worrying, although it may be a war of nerves. The potential for conflict here and over Kashmir will probably remain a worry through the summer and autumn.
- Anglo-German Relations. You are seeing Genscher next Monday: and have suggested an early bilateral to Chancellor Kohl. One opportunity will be in the margins of the EDU Conference in Helsinki in late August.
- Europe. The Chancellor made some limited but useful ground in ECOFIN on our hard écu. But the Italian Presidency seems to have unrealistic ideas for wrapping up EMU at the IGC in December. Does the Foreign

Secretary have a clear strategy mapped out for the autumn? At what stage should you be trying to enlist political support from some European Heads of Government?

C.D.P.

CDP

24 July 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. I understand there are three subjects he wants to raise:

- Delors. He thinks that the question of Delors' reappointment may come up in Dublin. I imagine he will say that we have no option but to support him. If for any reason Delors were not to be re-appointed, his successor could only come from within the existing Commission and would in practice be Bangemann, who might be worse. We do not want to identify ourselves as the leading opponent of Delors' reappointment and then fail to block him: that would ensure his lack of co-operation for the next two years. On the other hand I am not sure that we need to tell Delors so far in advance that he is safe. Perhaps it could be delayed until the autumn.

- South Africa. The Foreign Secretary will want to report to you on discussions on South Africa among Foreign Ministers in Luxembourg today, and discuss how to handle it at the European Council. I gather he made some progress this afternoon on getting the others to contemplate easing sanctions, but the Irish are adamantly against. We must have some positive signal from Dublin for de Klerk. You will want to give the Foreign Secretary your impressions from your talk with Mandela (he has seen my note of it).

- NATO Summit. He will want to talk about the Declaration to be issued at the NATO Summit. We agree with the Americans that it should be short, sharp and readable. But some of their ideas, which you saw

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today, are unnecessarily adventurous and put the packaging before the content. I have asked the Foreign Office to convey your misgivings to Washington. The President is due to consider the matter tomorrow.

C.D.P.

CHARLES POWELL

18 June 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He has written the attached personal note about our foreign policy, and wants to make it the basis for your discussion tomorrow.

You will form your own conclusions. I find it a bit of a homily and in parts ensorious. It preaches full FCO orthodoxy on every issue. There is not an ounce of imagination or originality in it. Perhaps I am being too severe: but I really do not think it has the right tone for such a communication.

Taking the issues in order:

NATO

We are looking at the summit to give the right political signal about the Alliance and how it may change. You know better than anyone that we are not going to get a commitment to deploy TASM and hardly need to be told. It will probably be best to handle nuclear issues in as low a key as possible: but we are unlikely to get away without some general reference to the prospect of further reductions in short-range nuclear weapons once a CFE agreement is signed.

Two Plus Four

The FCO seem to be coming round to accepting a NATO/Warsaw Pact declaration. We shall have to offer Gorbachev some assurance that there will in future be limits on the size of the Bundeswehr. We shall also have to hold out the prospect of further Conventional Force Reduction negotiations in which ceilings are put on other forces (including ours) in the central zone. That should of course suit us quite well if we decide to go ahead with reducing BAOR and RAF Germany.

German Unification

It is probably right to suggest that we shall be asked by the Americans and Germans to contribute to a big scheme of credit for the Soviet Union. There was a trailer for that in the

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wacht

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President's message to you about his meeting with Gorbachev: and you will see that Teltschik has also warned us of this. We shall need to think carefully about what we can afford to make available.

CFE

From discussions with the Americans today, it is clear that they expect aircraft to be excluded from a CFE I and kept for later. This is not ideal: it was after all the Russians who wanted to include aircraft in the first place. We should only concede postponement as a last resort, using the full leverage of a CSCE summit to persuade them to include aircraft this time.

CSE

You have always in your speeches underlined that CSCE cannot be a substitute for NATO.

Political Union

There are no great problems here.

EMU

The Foreign Secretary aligns himself firmly with the Chancellor in saying that we cannot head off Stage III Delors and should not allow the other Member States to go ahead without us. You have had this discussion with the Chancellor already and may need to go through it again with the Foreign Secretary. He also takes issue with your ideas for giving more substance to trade and economic relations across the Atlantic, seeing it as a distraction from the move towards greater European unity the whole point. He also claims that the Americans do not want it. There is a distinct lack of imagination here and unwillingness to consider new ideas.

The last paragraph sets out his general philosophy: you can be robust if you must, but we must always be in the middle of the pack. That didn't get us where we are today!

(C. D. POWELL)

12 June 1990

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C.D.

PRIME MINISTER

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BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects to be covered are:

- his visit to the Middle East. He has sent you a personal note about this and you have read the telegrams. He has come back considerably alarmed about the situation and the risks, and reflecting the pressure he came under for the Europeans to be more active on Arab/Israel. He did not meet the PLO during the trip, but may revert to the idea of seeing Arafat in due course.

- your visit to the Soviet Union. In the wake of the Bush/Gorbachev meeting, the main ticklish subjects seem bound to be Germany/NATO and Lithuania. (A full list of topics is in the folder.) You may also need to deal with non-circumvention under the START Agreement. On Germany/NATO, I think the approach of putting it in a wider context is the right one (and the Americans seem to be on the same track with their nine points). It means emphasising all the changes that are taking place, both in arms control and NATO's more political role. The risk is that others will want to change NATO too much, in order to make it acceptable to the Russians, particularly by getting rid of nuclear weapons from Germany. That is something which we will have to guard against at the NATO Summit. I have asked for additional briefing on CFE and on non-circumvention.

- help with return of ANC exiles. The FCO are unhappy with your response, on the grounds that the money would not go to the ANC itself but to international refugee organisations, as it did in the case of Namibia. I think you have a very good point: the ANC should renounce the armed struggle first.

C.D.R.

C. D. POWELL

4 June 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a talk first thing tomorrow morning with the Foreign Secretary. He has been in Bonn and Rome (you have seen the telegrams), and is just going off to the informal meeting of EC Foreign Ministers to discuss political union. But his Middle East visit later in the month is postponed because of the coincidence with the Arab Summit in Baghdad.

Points which you will want to raise are:

- Afghanistan. You are not comfortable with the idea of suspending aid to the Resistance or of returning our Embassy staff to Kabul. The disunity in the Resistance is indeed disturbing: and there is a risk that we shall be left as odd man out by not returning to Kabul (but surely we can agree with the Americans that neither will move without consulting the other). But psychologically this would be a very bad moment to hand the Russians a victory. It will feed an appetite for more. We should go on with our efforts to get the Resistance to drop its divisions and concentrate on the real enemy.
- Hong Kong. You do not see a need for a talk with Mr. Maude. The issues are simple and straightforward. You believe Dame Lydia would be an excellent spokesman for Hong Kong in the Lords: a decision today would still be in time for the Birthday Honours. You also feel that we should be thinking now of potential successors to the Governor, so that a replacement before 1992 is an option. You might ask for a progress report on where we are on a British building in Hong Kong, for post-1997.
- Kashmir. The intelligence about Pakistan's activities on the nuclear front is deeply worrying. Depending on the outcome of the mission by Bob Gates to India and Pakistan,

outcome of the mission by Bob Gates to India and Pakistan, Crispin Tickell should pursue his efforts to co-ordinate a position of the Five Permanent members of the UN Security Council in New York.

- Visit of de Klerk. You will want to encourage the Foreign Secretary to soften up his EC colleagues for a relaxation of measures against South Africa, once the state of emergency is lifted. Otherwise we may have to act unilaterally again.

C.D.P.

CHARLES POWELL

17 MAY 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow evening. I understand there are four main subjects he wishes to raise:

- Two plus Four Group. He will want to give you his own account of the meetings at the weekend, of which you have seen a summary. The main new development is the Russian suggestion that the external aspects of unification should not be settled for a period of years. Meanwhile, the Four Powers would retain rights in Germany and Berlin, and the GDR would continue to be part of the Warsaw Pact. This is being rather naively hailed in Germany as unblocking the way to early unification!! In practice, it is the idea which we discussed at Chequers that a unified Germany would belong both to NATO and the Warsaw Pact. There are considerable risks in leaving this question of NATO membership open. Would it ever get settled? Would not opinion in Germany just come to accept over time that a unified Germany would not be in NATO (especially if a SPD Government took over)? The fact is the people of Germany have clearly indicated their wish to be united and in NATO and we should not settle for less, although there have to be transitional arrangements which take account of Soviet security concerns. I suspect we are going to have to engage in an exercise of holding the German's back on this one, with the usual worries about whether the Americans will be sufficiently robust - although in the light of the President's remarks to you in Bermuda, it is hard to see how they can do anything but insist on German membership in NATO.
- Salman Rushdie. You will find a note by the Foreign Secretary in the folder. He thinks we would be in a false position if we did not respond to Rushdie's request for a

meeting with Mr. Waldegrave. The Home Office view remains opposed: they would much prefer any contact to be through security channels. There is a difficult dilemma here. If there is a meeting with Rushdie the result is all too likely to be presented as us leaning on him to give up his right to free speech in order to make a concession to those holding the hostages. If we do not see him, it would be said we missed an opportunity to secure the release of the hostages. Part of the trouble is that William Waldegrave has a penchant for seeing these sort of people in the belief that he can manage them. My view is that the chances of Rushdie wanting to do anything helpful for the Government are pretty near zero, and there is no real reason why Ministers should be at his beck and call. I think the Home Office are right - at least at this stage - in keeping contacts on normal channels.

If Rushdie has anything to say, let him put it into writing. At least there's a written note.

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The Foreign Secretary also proposes that you should show support for the Governor (a) by announcing that he will stay

Powen / PM 8/5/90

meeting with Mr. ... The Home Office view remains ... they would wish to have contact to be through ... There is a difficult dilemma here. It ... the result is all too likely ... as being on his to give up his right to ... in order to give a concession to those holding ... It would be said we ... to release the release of the hostages. ... that will be ... the belief that ... My view is that the chances of ... the Government are pretty ... and there is no real reason why Ministers should ... I think the Home Office are right ... in keeping contacts on normal

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ACT 2000

The Foreign Secretary also proposes that you should show support for the Governor (a) by announcing that he will

until the end of 1992; and (b) making him a Privy Counsellor. I think that is asking a lot, indeed too much: and it would go down very badly among some of the Government's strongest supporters who were very loyal over the Hong Kong Bill.

- Hostages. Once again there is a note in the folder. The Foreign Secretary envisages putting out feelers to the Iranians about the possibility of direct contacts if they release a hostage or Cooper (in prison). More controversially, he also wants to send an emissary - Sir Donald Maitland - to talk to the Syrians. This is part of the long-standing FCO ambition to get back into business with the Syrians. Personally, I find it difficult to stomach even now: and anyway wonder why we need to go for both the Iranians and the Syrians. Surely one is enough. Finally, there is rather a sensible proposal to try to get access for the Red Cross to the hostages and to prisoners held in South Lebanon.

There are one or two other topics on which you ought to touch if there is time:

- EBRD. You will want to discuss how to get off the hook with the Dutch over Ruding. If the Dutch have any sense they will withdraw him and avoid a fight now that it is clear that Attali has majority support. That would improve his prospects of getting some other job in the future. The question is whether you need to be in touch directly with Lubbers yourself about this.
- SNF. The Foreign Secretary shares your concerns at the German failure to give any commitment, even privately, on TASAM. We need to think about the best way to manage this issue at the NATO summit. The key is probably to focus on the role of Dual Capable Aircraft and insist that they and their weapons continue to be excluded from arms control negotiations. That would insulate TASM.

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- Colombia. I have conveyed to the Foreign Secretary your concern about the families of Embassy and British Council staff. He will let you have an assessment of the risk.

C.D.P.

C. D. POWELL

8 May 1990

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He will be coming straight from the airport, on his return from Poland. The main subjects he will wish to discuss are:

- Poland

I have put some telegrams in your box which summarise the main content of his meetings there. The Poles are obviously very appreciative of all your help and support, but continue to agitate about their security concerns, and in particular about their involvement in the Two plus Four discussions.

- Soviet Union

The jeering at Gorbachev at the May Day parade yesterday is a disturbing development and must add to the uncertainties in the Soviet Union: either increasing the conviction of the Army, KGB and like-minded people that Gorbachev has allowed reform to go too far and must be removed: or convincing him that he must now stop or even reverse some of his policies. We are in for a fraught period in the run-up to your visit and the US/Soviet Summit.

- European Community

The Foreign Secretary will want to discuss the way ahead after Dublin. It is clearly important that we should table proposals of our own on political union as soon as possible, and this will require an early meeting of O(D) to approve a paper. The very broad consensus in the House this afternoon considerably strengthens our hand in the discussions which lie ahead. At the same time, we need to consider when to

b

put forward our proposals on EMU. In my view we ought to have them on the table at least by the time of the European Council at the end of June.

- Middle East

The Foreign Secretary is intending to visit Egypt and Jordan fairly soon. One or two members of the Conservative Friends of Israel have approached me to express their misgivings about reports that he is intending to meet one or more senior PLO figures while he is there. The Foreign Office tell me no decision has been reached. But the signs seem to me to point towards an intention to have a meeting but to be cautious about broaching the subject with you for fear of a veto. You may like to pre-empt this by raising it yourself tomorrow and asking the Foreign Secretary's intentions. I think William Waldegrave is driving this one quite hard.

- NATO Summit

We have proposed 20/21 June in London (agreed with the Americans) and hope to get reactions by the end of the week. I have spoken to the Canadians, who are quite relaxed.

- Soviet Biological Warfare Programme

You have sent a message to the President and want the Foreign Secretary to speak to Baker on 3 May.

C.D.P.
C. D. POWELL

1 May 1990

c:\foreign\fcs (kk)

N.A.J.O.
→

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow with the Foreign Secretary. There are several points you might cover. The main ones are:

- Lithuania. It looks likely that we shall soon have to take some sort of measure, preferably in the economic field, to demonstrate our displeasure at the tightening Soviet economic squeeze on Lithuania. The FCO have produced some options, which I attach. We ought to stick to economic measures and keep anything in the political or defence field for later use if necessary. So far as possible we should act in concert with other allies and not alone. We should avoid action which would impinge on your June visit or events surrounding it. The best bets are either to slow down implementation of the EC/USSR Trade and Co-operation Agreement, postpone agreement to Soviet observer status at the GATT and slow down Soviet contacts with the OECD (or a combination of any of them).

1 - NATO Summit. The Foreign Secretary will want to talk to you about the NATO Summit. The preference in NATO and in particular of the Secretary-General is to maintain the Turnberry meeting of Foreign Ministers in early June, in order to prepare for the Summit, and hold the Summit itself in late June. Keeping the Foreign Minister's meeting could make a difference to whether we go ahead and bid for the Summit in London. Moreover, as you will see from the attached letter, the logistic problems are fairly hair-raising. It is a bit humiliating to admit that we cannot hold a Summit here. On the other hand, the worst thing would be to have an inadequately organised Summit, without proper facilities for the press or adequate hotel rooms.

- Iraqi Gun. The Trade and Industry Secretary will make a statement today. There does not appear to be much we can do vis-a-vis Iraq. But you will need to discuss with the Foreign Secretary the timing of our Ambassador's return to Baghdad: and how to exploit Prince Bandar's offer to help secure the release

of Richter and/or Nurse Parish. It is difficult to see how we can send our Ambassador back yet - I would have thought at least another fortnight needs to elapse.

- Mandela. We are taking the line that you will visit South Africa when you decide: Mandela should now terminate his lap of honour and stay in South Africa where there is serious work for him to do, preventing black South Africans from slaughtering each other: and that your invitation to him stands, although it seems to you more important that he gets on with the work which needs to be done in South Africa.

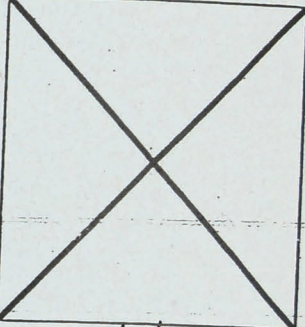
- Hong Kong. The second reading of the Hong Kong Bill is tomorrow evening. Most accounts seem to agree that it will go through: but doubts remain over how the vote will go when it comes to a guillotine motion.

- European Council. Mr. Haughey is coming to see you on Friday, as part of a general round of visits to EC Heads of Government, to discuss the 28 April European Council. It seems unlikely that there will be any great differences over East Germany's entry to the EC. Nor does EMU look likely to be a major subject. But so-called political union will probably be raised, with the suggestion that a special preparatory committee should be set up to discuss it, prior to an IGC. We have, of course, some good ideas of our own to put forward. You will want to discuss with the Foreign Secretary whether to introduce them in Dublin: and how to handle the procedural aspects of this issue.

C.D.P.

C. D. POWELL
18 April 1990

c:Bil.FCS.:kk

DEPARTMENT/SERIES	Date and sign
PIECE/ITEM (one piece/item number)	
Extract details: minute from Powell to the Prime Minister dated 4 April 1990	
CLOSED UNDER FOI EXEMPTION 27(1)	23/8/18 M.L.
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Instructions for completion of Dummy Card

Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,

eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

SECRET

16

41

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have an early bilateral with the Foreign Secretary tomorrow morning. The subjects to cover are:

- Foreign Secretary's visits. He will want to report on his visits to Oman (for an EC/GCC Ministerial meeting), South Africa and Namibia. In all of these he had a number of bilateral contacts which he will want to tell you about. He has done a note which is in the folder.
- Mandela. He wants to discuss what we say if Mandela decides not to seek a meeting with you on Easter Monday (while here to attend the Anti-Apartheid Rally).
- Anglo/German Summit. You ought to have a word about handling of Kohl at the Anglo-German Summit and your Konigswinter speech. You might also want to discuss your seminar on Germany on Saturday.
- Lithuania. We seem to be teetering on the brink of a major confrontation. We may be called on to take some quick decisions.
- Middle East. There are three aspects which need to be mentioned. What should our attitude be to American attempts to repeal the zionism/racism resolution? Where do we stand on expulsion of Iraqis for illegal diversion of exports? How seriously do we take recent Iranian statements about release of the hostages in Lebanon?

CDP.

Charles Powell

22 March 1990

c: Foreign (MJ)

SECRET

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. There is not a great deal which is pressing on the agenda. But the main items might be:

- Germany. Chancellor Kohl has had to back down on the Polish border issue, which is likely to make him even more grumpy and difficult. Meanwhile, the Four plus Two group are to have their first meeting next week: and the momentum of work in the European Community is beginning to pick up. We need fairly soon from the FCO the promised material on building up the CSCE, on which you might be able to draw for your speech at the Konigswinter Conference.
- Strategic implications of German unification. You saw the FCO paper on this at the weekend and commented that it was a good one, although you raised a number of detailed points which I have passed on to the FCO. I am trying to set a time when you could talk to the Foreign and Defence Secretaries about it.
- President Bush. We have still had no reply from the White House to our feelers about a meeting between you and the President. Meanwhile, you saw my note which suggested that the President has misunderstood some of your views on German unification and its consequences: and is concerned about the poor state of Anglo-German relations. This is all the more reason for a face-to-face meeting rather than relying on the telephone.
- Middle East. You are to see King Hussein on Sunday. He continues to remain detached from the peace process and I do not think you will tempt him back, although he is generally supportive of the efforts the Americans are making to arrange a meeting between Israel, Egypt and Palestinian representatives. It is difficult to see at the moment what

SECRET

- 2 -

we can expect from Sunday's meeting with the King, other than re-establishing contact after a relatively long break and keeping him cheerful. Your speech to the Board of Deputies of British Jews will have pleased him.

C.D.P.

C. D. POWELL

6 March 1990

A:\foreign\ bilateral

SECRET

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow afternoon with the Foreign Secretary. The main subjects he wants to discuss are:

- Eastern Europe. He will want to report on his visit to Hungary, and any conclusions he has drawn for our assistance to Eastern Europe;
- German unification. You will want to talk about your two conversations with President Bush (I have sent the Foreign Secretary notes of them); and how we can take some of the edge out of our relations with the Germans now that we have established the various mechanisms for consultations about the consequences to unification. Should you send a message to Chancellor Kohl? Or should we invite Teltschik over here, to prepare for the Anglo/German Summit at the end of the month?
- Meeting with President Bush. I have suggested to the White House that you might go over in the week before Easter. We will need to work out very carefully some proposals for you to put to the President;
- CSCE. He may want to expand on the ideas he put to you last week for building on CSCE to create new institutions in Europe for discussions on defence and security issues. He promised to let you have some material for a speech on this at the Konigswinter Conference;
- Hong Kong. You will want to tell him about your meeting with Mr. Tebbit and others, and their attempts to imply that they have the Government running scared. The Foreign Secretary and the Home Secretary are going to have to get down to some serious work on convincing some of the opponents to the Bill.

C.S.P.
CHARLES POWELL

28 FEBRUARY 1990

c:\wpdocs\foreign\bilateral

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, immediately after the Italian party have left. I have not been able to establish exactly what he wants to talk about since he is constantly in orbit: New York yesterday, debate in the House on East/West relations today, visit to Gibraltar and Spain at the weekend. But you ought to cover some at least of the following issues:

- South Africa. Our Community partners behaved in their customary craven fashion by refusing to go along in relaxing the voluntary sanctions. You have reprimanded Herr Stoltenberg for this and we shall need to keep up the pressure on the Germans and some others. Realistically, I fear they will not take any action until de Klerk lifts the state of emergency: that will be the stage for us to go in really hard to demand a Community response. For our part, we need to work out exactly which further measures we will rescind when the state of emergency goes. Meanwhile, President de Klerk has asked to bring forward his visit here to early April. There are reports that Mandela will address a major anti-apartheid rally in Wembley Stadium on Easter Monday. It is not clear whether he will seek a meeting with you as well: I understand he told Robin Renwick that he would like to meet you, but would have to be guided by the ANC. It could be quite difficult to handle if he comes here but does not ask to see you.

- Germany. We have now got the Germans committed to a whole series of negotiations: in the Four plus Two group, NATO, the European Community and the CSCE. The first of these will be by far the most important, at least at the beginning. We need to work out clearly what our aims will be in the discussions.

- Hong Kong. I know that the Whips are increasingly worried whether they can deliver the Hong Kong Bill, although they have not yet come to you formally about this. You might

want to ask the Foreign Secretary and Home Secretary to discuss the situation with the Chief Whip and report to you.

- President Bush. He has frequently taken the initiative in telephoning you. You have not found so many reasons for telephoning him. I think we have to be careful not to appear stand-offish. You might consider telephoning him on Saturday, before his meeting with Chancellor Kohl, just to review where we have got to on German unification and express satisfaction at the creation of the Four plus Two group. You might also have a word about Mr. Gorbachev's prospects. I know that none of this is particularly precise: but I think he just likes a chat every now and again and you should show willing. You might discuss this with the Foreign Secretary (to whom I have not mentioned this idea). If you agree, I will ask the White House whether a time on Saturday would be convenient.

C.D.P.

C. D. POWELL

22 February 1990

A:\foreign\ bilateral

MEETING RECORD

PERSONAL

file
KTE

subject cc TASTER



10 DOWNING STREET
LONDON SW1A 2AA

15 February 1990

From the Private Secretary

Dear Stephen,

The Prime Minister commented to the Foreign Secretary this morning that she had been annoyed to see a number of articles in the press yesterday, alleging difficulties between No. 10 Downing Street and the Foreign Office. Some of them, at least, appeared to reflect briefing from within the FCO. She thought this thoroughly counter-productive, especially at a time when, in her judgement, the working relationship was particularly good. The Foreign Secretary said that he entirely agreed with the Prime Minister and would ensure that this was understood. He hoped there would be no more of it.

Yours sincerely,
Charles Powell

CHARLES POWELL

J. S. Wall, Esq.,
Foreign and Commonwealth Office

PERSONAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow with the Foreign Secretary. The main subjects to cover are:

- German unification. You will want to ensure that serious work starts straight-away at official level in the Four Powers and two Germanies forum, even if Ministers don't meet until after the 18 March election. You will also want to assure yourself first that the FCO will diligently pursue the issue of a Treaty to confirm the German-Polish border: and that preparatory work is being done on the implications of absorbing East Germany into the EC. We need to be seeking the widest possible understanding that the rest of us will not be expected to pick up additional costs as a result of GDR membership.

- South Africa. He will want to report on today's debate and suggest any additional points which you might make in Questions tomorrow. You will want to confirm that he is geared to be firm with his EC colleagues next week: and be sure that we shall cease to discourage investment and tourism whatever the rest of them do. Meanwhile Mandela continues to take a very courteous and correct line in public about your invitation to him.

- Hong Kong. We have had no direct reply from the Chinese to our last message. The results will probably become clear when the Basic Law Drafting Committee finishes its work later this week.

e d p.

C. D. POWELL

14 February 1990

C:\foreign\fcs (kk)

PRIME MINISTERBILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. There are three subjects to cover:

- Germany. He will want to tell you about his visit to Bonn and meeting with Kohl (whom he saw entirely alone). There is a note of their talk in the hot box: it is far from satisfactory. Kohl expressed discontent with the state of our relations and appears to want to deal with some-one other than you. We can't allow that: he must take his medicine like a man. Only you will tell him what we really think - although the Foreign Secretary spoke up rather well. Kohl is to visit Moscow next week and Camp David on 25 February (neither has yet been announced). The Foreign Secretary suggests that, when I see Teltschik on Friday, I should tell him that you would be happy to see Kohl here or pop over to Bonn in the next three or four weeks. *Yes*
- Hong Kong. You have seen the papers on constitutional development. The Foreign Secretary will want to take your mind. He does not envisage a decision until next week. You will want to consider whether it would be wise to convene an OD(K) or informal Ministerial meeting on Monday to involve more of your colleagues in a decision. But you and the Foreign Secretary need to be in agreement first.
- Middle East. You will want to say a gentle, cautionary word about some of William Waldegrave's statements about the PLO.

C.D.P.

CHARLES POWELL

7 February 1990

a:\FOREIGN\FOR.SEC



CM

10 DOWNING STREET

~~Annex~~ ^{CSP} Fixed for
Tues 13
March at
1700

Sometime between AP
6/2

now e ^{or late} mid- March

I need 40

minutes over the

Foreign Secretary on

discuss Top Appointments

in the FCO - outside

a normal bilateral.

Any chance? CSP.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral tomorrow with the Foreign Secretary. He would like to devote it to his visit to Washington and his talks with President Bush and Secretary Baker. There is a full set of reporting telegrams in the folder. But you probably won't have time to read them. The main points to emerge were:-

- both the President and Jim Baker gave a rather muddled presentation of their new proposal for further reductions in US and Soviet stationed forces. It would not be tabled in the current CFE negotiations, but be for discussion after them. The President asked the Foreign Secretary to reassure you that he would do his best to hold the line on the figure of 225,000 for the foreseeable future and was reasonably optimistic that he would succeed;
- the Americans seem to have reacted well to our proposal for more consultation and a joint political and strategic assessment of developments in Eastern Europe and German unification. We shall need to follow this up vigorously. They are one with us on the need for a period of transition before unification;
- he got nowhere with Baker and the President on Vietnamese boat people;
- but we did get a useful assurance that the US will not relax their policy on arms sales to Argentina;
- the prospects of progress in the Middle East are clearly very limited;
- the President is agonising over China and finding the Chinese touchy and fragile. He still seems to harbour some hope that Zhao Ziyang might reappear.

CDP

(C. D. POWELL)

30 January 1990

a:\foreign\bilateral (srw)

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow evening, following your meeting with the EDG (bearing in mind that he will have to slip out and say something to the press outside No.10 immediately after the EDG session).

Points which you will want to cover are:

- East Germany. He will want to tell you about his visit to East Germany and his impressions.
- German Reunification. He will have seen my account of your talk with President Mitterrand, and has arranged to meet M. Dumas for a follow-up discussion in about two weeks time. The Defence Secretary will be seeing his opposite number about then too. These meetings will allow us to judge the scope both for coordinating our views and actions on Germany, and for closer defence cooperation.
- Hong Kong. He will have seen my account of your talk with Dame Lydia Dunn and Mr. Lee. We need to consider the next steps. The Foreign Secretary's inclination is apparently to go for a deal on the basis of 18 seats in 1991 and 20 in 1995, provided we can get satisfactory assurances about the electoral college and voting rights. You will want to consider whether there is any further action, for example, a message from you (as one of the signatories of the Joint Declaration) to Jiang Zemin or even Deng, which might still move the Chinese to accept a figure of 24 for 1995 (or 1997). I doubt it would work: Li Ka-Shing saw Deng last week and there was a lot of talk of how Hong Kong was always asking for more, and China could make no further concessions.

An alternative would be to simply set a figure of 18 or 20 for 1991, but say nothing about 1995 or subsequent years, in the hope that the situation in China might improve in the

meantime. This might get us off the hook with Hong Kong opinion (but is it really as agitated on this as Lydia Dunn suggests?) But Sir Percy Cradock's note attached argues strongly that this will be interpreted as turning down the Chinese offer, and will lead to a full-scale confrontation.

- Vietnamese Boat People. You have sent a message to the President, but the omens are not very good.

C.D.P.

CDP

23 January 1990

jd a:fsbilateral

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary after Cabinet tomorrow. The main subjects will be:

- Hong Kong. You will want to compliment him on his handling of his visit there which was very skilful. We await a further reaction from the Chinese on the issue of directly-elected seats. It is possible that they will come some way further towards us e.g. 17 in 1991. But if they refuse altogether, then Ministers will have to decide whether to go ahead with 20 directly-elected seats in 1991 and more in 1995 despite the Chinese, and face a major confrontation: or to accept the Chinese bottom line as the best we can get, with a consequent row in Hong Kong and in the House.

You will also want to find out what impression the Foreign Secretary formed of the Governor: and what progress he made over the question of looking after British interests in Hong Kong.

- Meeting with Mitterrand. The Foreign Secretary has let you have some papers, which are somewhat turgid. We are going to need to simplify our thinking on the future of NATO, German reunification and so on, if we are going to construct a policy which people will readily understand. We can extract enough from the FCO papers to test how far the French are seriously interested in putting relations with us on a new and more substantial footing. But we must not see that as an alternative to our privileged defence relationship with the Americans, or to the need to be on terms with the Germans.
- Senior Appointments. There was no time to deal with this at your last meeting. I have put the background note in the folder.

- Herr Teltschik. You may want to mention Chancellor Kohl's suggestion that Teltschik and I should have another meeting (after rather a long gap).

EST

C. D. POWELL

17 January 1990

c:\foreign\fcs (kk)

33a-d

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The main subjects are:

- Hong Kong. The Foreign Secretary goes out there at the weekend. I have given you my impressions from my own visit (copy in folder). Particular aspects you will want to cover are:

constitutional development and the Governor's visit to Peking:

- ← the need for a more robust promotion of British interests in Hong Kong:
- the future of the Governor.

A point which I neglected to make in my own note is that I still believe holding the 1991 Economic Summit in Hong Kong would be an imaginative initiative and do wonders for confidence there.

It is just NOT on. It would anger the Chinese with possibly bad consequences and I doubt whether

the USA would be very welcome.

- Meeting with President Mitterrand. It will not be enough, when you see President Mitterrand on 20 January simply to repeat concern about the prospect of German reunification. The FCO need to come forward with some specific suggestions which you could put to President Mitterrand for guiding and constraining movement towards reunification and for bringing Britain and France closer together. This may mean repeating some of the suggestions you have made before, e.g., in the defence area. But there is no harm in reminding the French that they have failed to respond to earlier overtures.

- South Africa. Mandela's release is clearly getting closer. We must be ready to respond rapidly and positively by rescinding some of the measures against South Africa. You would intend to make a reasonably early visit there.

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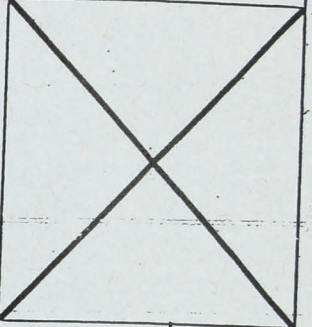
- Senior Appointments in the Diplomatic Service. The Foreign Secretary wants to discuss this. I attach a separate note.
- A more active foreign policy. I have been impressed (or rather depressed) again this year by how slow off the mark FCO so often are in following up good ideas, let alone having any. For instance, you were first off the mark in proposing a new relationship between the EC and Eastern Europe: but your idea was allowed to languish and it was the fairly dim French proposal for a Development Bank which got all the headlines. Again, you were way ahead of others in talking about the need to think beyond the bounds of the existing Community to a wider Europe. Now that idea is being taken up and developed by President Mitterrand and others, while we seem to have done nothing. Time again over the last six months we have been left flat-footed by the French. You have played a crucial part in the 1980s in shaping East/West relations, arms control, the debate on Europe's future, Southern Africa and Anglo/US relations. Too often it has been over the FCO's dead body or, at best, with their reluctant acquiescence. Our foreign policy machine needs first to have more imagination and come forward with more ideas: and second to swing into action and follow through your ideas much more effectively and rapidly. You might urge the Foreign Secretary to galvanize the FCO at the start of a new decade.

C.D.?

CDP

9 January 1990

jd a:foreignsec

DEPARTMENT/SERIES <i>MEM 19</i> PIECE/ITEM <i>3340/3</i> (one piece/item number)	Date and sign
Extract details: <i>Attachment to minute from Powell to the Prime Minister dated 9 January 1990</i>	
CLOSED UNDER FOI EXEMPTION <i>40(2)</i>	<i>23/8/18</i> <i>M. W.</i>
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PRIME MINISTER

32(a-b)

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, the last until into the New Year. The main subjects which you will want to cover are:

- Soviet Union and Eastern Europe

There may be points arising from your respective meetings with Mr. Shevardnadze today which you will want to follow up. You may also want a word on Romania.

- Speech on Europe

I have written to the FCO (letter in folder) about the possibility of another major speech on Europe, making clear that you would not want to deviate from Bruges. You may like to discuss the content and timing of such a speech with the Foreign Secretary. One possibility would be the Konigswinter Dinner at the end of March (although Chancellor Kohl will also speak at this).

- South Africa

I have been urging the FCO on to give serious thought to the relaxation of measures against South Africa once Mandela is released (this is likely by February). You will have seen that the Foreign Secretary is thinking of attending the Namibia Independence celebrations in April and making a brief side visit to South Africa at that time. You will want to consider whether this would detract from the impact of a visit by you.

- Hong Kong

You discussed the outcome of Percy Cradock's visit to Hong Kong and particularly the question of directly elected seats on which the Chinese were very emphatic in reaching twenty seats in 1991. You made clear that you were not prepared to accept only ten, and that the right course would now be to try to negotiate fifteen in 1991. I think the Foreign and Commonwealth Secretary will accept this.

b

- Senior Appointments

The Foreign and Commonwealth Secretary will need to come to you in the first quarter of next year to begin discussion of senior appointments in the Diplomatic Service. Although the only pressing one is the replacement for Sir Crispin Tickell who leaves in June (the likely candidate to succeed him is David Gilmore), major changes will happen in the middle of 1991. These include the retirement of Antony Acland from Washington and Patrick Wright as Permanent Under Secretary. Their successors need to be lined up about a year in advance.

C.D.P.

CDP

19 December 1989

jd c:fsbilateral

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY TOMORROW MORNING

You have a bilateral with the Foreign Secretary tomorrow morning before Cabinet. I understand he wants to raise the following subjects:

- Lebanon. You will see in the box the letter justifying the decision to retain our Embassy staff in East Beirut at least for now. His view is supported by the Embassy staff themselves, but contested by the MOD and the intelligence community, both of whom think it would be more prudent to leave. The signs of a Syrian military build up become every day more clear, although it is difficult to predict when they will take action and exactly what form such action will take. There is no doubt that withdrawal is the more prudent course: the only question is whether it is too prudent, in the sense that by being over-cautious we shall dismay those whom we have been trying to help in Lebanon and look as though we are cutting and running and leaving our hostages to their fate. The problem is that, once an attack starts, it may be too late to consider any sort of evacuation. The Foreign Secretary is assuming a weighty responsibility by keeping the staff there, and you will want to make sure that he acknowledges that. At the least, we need a much better idea of how our staff would be evacuated if the need arises.

- Vietnamese Boat People. He wants to bring you up to date on preparations for departure of the Vietnamese boat people. I believe the latest dates are 11-13 December. The Vietnamese Government continues to be difficult and to give the impression that it will not accept people who are returned against their will. But I am told this is largely for propaganda

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY TOMORROW MORNING

You have a bilateral with the Foreign Secretary tomorrow morning before Cabinet. I understand he wants to raise the following subjects:

- Lebanon. You will see in the box the letter justifying the decision to retain our Embassy staff in East Beirut at least for now. His view is supported by the Embassy staff themselves, but contested by the MOD and the intelligence community, both of whom think it would be more prudent to leave. The signs of a Syrian military build up become every day more clear, although it is difficult to predict when they will take action and exactly what form such action will take. There is no doubt that withdrawal is the more prudent course: the only question is whether it is too prudent, in the sense that by being over-cautious we shall dismay those who we have been trying to help in Lebanon and look as though we are cutting and running and leaving our hostages to their fate. The problem is that, once an attack starts, it may be too late to consider any sort of evacuation. The Foreign Secretary is assuming a weighty responsibility by keeping the staff there, and you will want to make sure that he acknowledges that. At the least, we need a much better idea of how our staff would be evacuated if the need arises.

- Vietnamese Boat People. He wants to bring you up to date on preparations for departure of the Vietnamese boat people. I believe the latest dates are 11-13 December. The Vietnamese Government continues to be difficult and to give the impression that it will not accept people who are returned against their will. But I am told this is largely for propaganda

purposes and that in reality they are likely to accept those who are returned.

- NATO Summit. The main purpose is to hear President Bush's account of his meeting with Mr Gorbachev (and Andreotti's account of Gorbachev's visit to Italy). Ideally, the meeting would reaffirm the conclusion of the NATO May Summit: but we don't want to propose that if it will only lead to an argument and give the contrary impression that NATO is no longer united in support of that communiqué. You will want to find out from the Foreign Secretary what response there has been to your idea of a quadripartite meeting either the previous evening or on the day itself. If that is not a runner, you may like to have breakfast with Chancellor Kohl. In either case, it would seem more prudent to travel over the previous evening and stay Sunday night in an hotel, rather than take the risk of being trapped by fog.

yes
not

CHARLES POWELL

29 November 1989

A:\foreign\bilatera.eam

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He has been in Paris today for a WEU meeting and goes to Bonn on Wednesday to see Genscher. The French are organising a separate dinner for European Community Foreign Ministers in Paris on Saturday, to which he will also go (but will be travelling separately from you).

The two main subjects which he wants to cover are:

- Developments in East Germany. The tide of opinion has begun to swing towards a more prudent assessment of the way ahead. At the same time the main Governments concerned - notably the United States and Germany - have come to share your prompt recognition of the dangers of this whole situation for Gorbachev and the need to reassure him. There is clearly a strong case for an early message from you to Gorbachev, replying to his. I think we ought to aim to have that off by Wednesday evening at the latest. The Americans have asked for Allied consultation on the terms of this, and I see advantage in your being able to speak on behalf of all four Allies in your reply. I am not so sure whether you need send a written message to President Bush at this stage. An alternative would be to telephone him before you go off to Paris for Mitterrand's dinner on Saturday night, so that you underline your readiness to consult with the Americans about what Europe may do. That would also be an opportunity to dissuade him from airing publicly the issue of self-determination for the Baltic Republics.

- Vietnamese Boat People. The Foreign Secretary wants to continue his earlier discussion with you on this subject and in particular the timing of any action to start non-voluntary repatriation. He will, I think, suggest that you should say to President Bush at Camp David that the only circumstances in which we would not go ahead with non-

voluntary repatriation would be if the Americans were prepared to take a very substantial number of the 40,000 non-refugees. It is most unlikely that they will agree. Were they to do so, it seems to me we could then switch to a policy of automatic repatriation of everyone arriving in Hong Kong at the moment of their arrival.

The Foreign Secretary may also wish to mention to you his talk with Delors in Brussels and the implications for the European Council in Strasbourg. You are to see Delors on 1 December.

It is also just possible that we shall have advance notice of the Namibia election results by tomorrow evening, in which case you might want to consider with the Foreign Secretary the terms of any public statement.

e.v.r.

C. D. POWELL

13 November 1989

C:\WPDOCS\FOREIGN\BILATERA.DAS

My Record cc Master



*see from
cull*

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

1 November 1989

Dear Stephen,

EUROPEAN COMMUNITY

The Prime Minister and the Foreign Secretary had a talk this evening about a number of current issues in the European Community.

Social Charter

It was agreed that, while there had been some evolution of attitudes in the Community towards the Social Charter, we were still far short of a text to which we could agree. The Prime Minister agreed that she would send a message to President Mitterrand recalling their discussion at Chequers in September and reminding him that we could only accept a declaratory text which did not extend new powers on competence to the Commission, and was not used as the basis for drafting detailed regulations. Tactically it would be better not to send the French a draft: the onus should be on them to try to meet our requirements.

Economic and Monetary Union

It was agreed that our paper setting out an alternative approach to EMU should be presented in as positive a way as possible and not just as a critique of Delors Stages 2 and 3. We should try to arrange for the matter to be raised at Prime Minister's Questions on 2 November so that the paper could be launched with her clear public endorsement.

Meanwhile our tactical objective should be to secure postponement of an IGC, arguing that a conference in the second half of next year would be premature. We should try to enlist active German support for this point of view. The Chancellor should be encouraged to seek an early meeting with the German Finance Minister and the Prime Minister should send a message to Chancellor Kohl (it was for consideration whether this should also cover the Social Charter). It might be desirable for the Prime Minister to see Chancellor Kohl at some point following her return from Washington on 25 November and before the European Council.

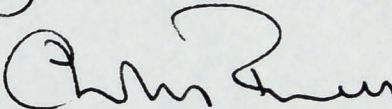
The Prime Minister agreed that it would be useful for her,

R

the Foreign Secretary and the Chancellor to meet in advance of the Strasbourg European Council to discuss our tactics on EMU.

Strasbourg European Council

The Prime Minister and the Foreign Secretary agreed that it would be better if the agenda of the Strasbourg European Council could be widened so that it did not focus only on EMU and the Social Charter, both of which would be difficult issues for the United Kingdom. Other subjects which we might propose for discussion were EC/EFTA relations, enlargement, assistance to Poland and Hungary and East/West relations following the meeting between President Bush and President Gorbachev.

Yours sincerely,


C. D. POWELL

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

Foreign B1 81(A-B)
Mtg with FOS.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. On a general point you will wish to encourage him to remain in very close touch with you on the main issues and to continue the tradition of weekly bilaterals. He faces a very full agenda of difficult issues: the European Community (particularly the handling of EMU and the Social Charter at the European Council in Strasbourg in December), and Hong Kong/Vietnamese Boat People. But he has a first class Ministerial team and you hope he will make full use of them to maintain a high profile for Britain in international affairs, in particular on East/West relations (including aid to Poland and Hungary), on strategic and arms control issues within NATO, over Southern Africa and in the Middle East. We must not allow our temporary economic problems to detract from the much greater standing and influence in the world which Britain has acquired within the past 10 years.

If you want to make a particular comment on the European Community, it might be that nothing would more greatly weaken our hand in dealing with the difficult issues which lie ahead than the suggestion of the differences within Government of European policy. That would just be a gift to the other Europeans. All your experience of the past ten years teaches you that if we have clear and well thought out objectives and are prepared to persist in pursuing them, even if we are isolated at the beginning, then we can achieve a great deal. That is the spirit in which the Government should approach the forthcoming debates on EMU and the Social Charter.

The only operational question at this bilateral is Hong Kong. There are two propositions which need to be discussed:

- first, the idea that Sir Percy Cradock should visit Peking to set up a secret channel of communication with the Chinese, which would enable us to discuss sensitive issues without confronting the Chinese publicly;

- linked to this, the question of what Sir Percy would say on the subject of directly elected seats in Legco. The Governor's and official Hong Kong opinion are in favour of 20 directly elected seats in 1991. Sir Percy believes that to insist on this risks an attempt at confrontation with the Chinese which could put the Joint Declaration itself in jeopardy. He thinks that we should either stick to the 10 seats which the Chinese are already expecting or, at most, go for 15. But anything less than 20 will certainly expose us to allegations here and in Hong Kong that we are failing to make sufficiently rapid progress towards representative government. I believe John Major had reached the view that, despite the risks with the Chinese, we should go for 20 seats. You will want to sound out the new Foreign Secretary's thinking and then perhaps suggest a subsequent meeting at which Percy would also be present (or a discussion in OD(K)).

You will also want to sound out his views on Vietnamese Boat People. There is mounting opposition to compulsory repatriation in the establishment press - Sunday Times and Telegraph. But no-one has an alternative solution. For the time being, we are pressing on with voluntary repatriation, but the time will soon come when we will have to take the plunge and resort to compulsory repatriation, with the best obtainable guarantees from the Vietnamese government and UNHCR that those who return to Vietnam will be decently treated.

Finally, you may wish to mention the question of life peerages for Hong Kong. The feeling of your colleagues yesterday was that the moment was not quite right to award life peerages, but that the question might be looked at again for the Birthday Honours list.

You may like to get the Foreign Secretary's reaction to this idea.

C.D.P

C. D. POWELL

31 October 1989

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ACT 2000

SECRET

Please now see separate minute on Hong Kong with the Foreign Secretary has set in. C.D.P.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have your first bilateral of the autumn with the Foreign Secretary tomorrow. You will wish to congratulate him on his successful visit to the US, and on his speech (which was fine).

Subjects which need to be covered are:

- his visit to Washington. He will want to report on his meetings. You have seen the main telegrams. President Bush is due to let you have some thoughts before your meeting with Gorbachev. He is keen for you to go to Washington.

- Soviet Union/East Europe. The pace of change is very rapid. We must be prepared to deal with the unexpected. You would be interested to hear what impressions the Foreign Secretary brings back from his meeting with American experts on the Soviet Union. Meanwhile we are going to have to move soon towards concrete decisions on aid to Poland. That is going to mean extra money.

- you will need careful briefing on Embassy ceilings for your talks with Gorbachev. But you will not want to get into detail.

- South Africa. You want to get off a message to De Klerk - with whom you are increasingly unimpressed - before you leave for Japan. We must avoid conflicting statements by Ministers (i.e. the Lord President's comments on South Africa). You are sure it is right not to take part in the Commonwealth Observers' Group for Namibia.

- Colombia. Our initiative on Colombia has had a good reception, both from the Colombians and the Americans.

B

- EMU. The Chancellor's proposal on competing currencies did not get a very good reception at Antibes, which is perhaps not surprising since not nearly enough work has been done yet. But at least some other countries are joining us in trying to put the brakes on study of Delors' Stages 2 and 3. The meeting with the French on the Social Charter takes place tomorrow.

- Vietnamese Boat People. The Foreign Secretary will want to tell you how he got on in Washington: the Americans are still being difficult, although perhaps a bit less so.

C.D.?

C. D. POWELL

13 September 1989

SECRET AND PERSONAL

MR POWELL O/R

SIR PERCY CRADOCK

**THE PRIME MINISTER'S MEETING WITH THE FOREIGN SECRETARY, 8 AUGUST
1989**

As you know, the Prime Minister held a private meeting with the Foreign Secretary on 8 August. You may like to see a copy of the record I made of the main points which I understand were discussed. As you will see from the attached note which the Prime Minister gave me in return, she did not wish any record to be kept of the meeting. Indeed she kept the copy of the record which I gave to her. I therefore sending this to you on a personal basis only.

CAS

Caroline Slocock

14 August 1989

SECRET

PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY, 8 AUGUST 1989

I have been speaking to my counterpart in the Foreign Secretary's office about the follow up of today's private meeting. The Foreign Secretary does not intend to circulate any note of it in the Foreign Office and regards it very much as a personal meeting.

Nonetheless it will be helpful for us to have a note for the file here, especially in your absence. I understand that the main points to record were as follows:

- The hostage situation: it was agreed that the UK would probably not send a message to Tehran unless others did so and that you would be consulted if a decision were taken to do so. Any such message would make it clear that the UK was against the taking of hostages anywhere in the world.

- Argentina: following the two letters of 7 August from the FCO which you saw in last night's box, you agreed that Sir Crispin Tickell should seek in his discussions with the Argentines to restore confidential communications as proposed by the FCO. You also agreed to the agenda and the approach proposed for these talks in the letters mentioned above. However, you both agreed that the possibility of a meeting of Foreign Ministers should not be raised in Sir Crispin's talks - a decision on whether this might be possible should wait until after the meeting.

- HongKong: it was agreed that the Foreign Secretary should speak to Sir Percy Cradock about HongKong, and specifically about the visit of the Prince and Princess of Wales. You agreed that the registration of the HongKong Shanghai Bank

should go ahead and that the Chinese should be informed soon but not so far ahead of the registration that they could make trouble.

- Vietnamese Boat People: the Foreign Secretary explained his view - with which you did not disagree - that more work with the Americans and particularly with the UN High Commissioner for Refugees was needed before any action was taken. Otherwise there was a risk that the UK would end up out on a limb and unable to sustain its position.

- China: you mentioned the need for contingency planning in the event of the now likely death of Deng Xiaoping, particularly for any message of condolence.

- Commonwealth Secretary General. The Foreign Secretary explained his view that Mr Fraser is probably the best candidate for the post and was the most likely to be appointed. He felt that it was therefore only realistic to accept this and you agreed. He would consider what further action was necessary and whether Mr Fraser and the other candidates should be informed of the UK position.

- The Commonwealth Foreign Ministers conference at Canberra: it was agreed that a line of complete rejection of any further sanctions against South Africa and a robust line on sporting links should be maintained.

- Helen Sussman: you agreed that it would be a good idea for her to be given an Honorary OBE and that this should be done as soon as possible.

I understand that you did not discuss EC matters. Nor were the arrangements for CHOGM discussed.

The Foreign Secretary has since spoken to Sir Percy about

HongKong. They discussed the Royal visit, forthcoming Ministerial visits, the position on the HongKong Shanghai Bank, the setting up a large consular general in HongKong and the Vietnamese Boat people. Sir Percy plans to minute you about his discussion tomorrow.

You still have the folder for your meeting today. This includes a number of very sensitive papers and you may like to return it to us for safekeeping before you go on holiday.

CMS

Caroline Slocock

8 August 1989



10 DOWNING STREET

THE PRIME MINISTER

8 Aug. 1959

Caroline

Meeting with F.C.S.

F.C.S. and I both regarded this as a personal meeting.

The two matters which were the subject of action, I reported to you

① Any possible message to Iran about the hostages which F.C.S. was considering would be referred back to us for clearance on both content & timing.

② F.C.S. wanted to talk further on Hong Kong matters ~~ex~~ with Percy Caddell, especially on visit of H.R.H. Prince of Wales.

Action on other matters is all being dealt with separately as you have seen from the contents of various boxes. mt



10 DOWNING STREET

THE PRIME MINISTER

8 Aug. 1959

Caroline

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Action on other matters is all being dealt with separately as you have seen from the contents of various boxes. not

SECRET

PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY, 11.30

I have fixed a meeting for tomorrow rather than Wednesday - as this was the most convenient time for the Foreign Secretary.

Sir Percy has kindly provided a note of some of the issues you might cover. This is at Flag A. It might usefully form an agenda.

I mentioned this meeting to Charles, who is keeping in telephone contact with the office. He said he might ring you tonight or tomorrow about it.

You have received a number of papers relevant to tomorrow's meeting. For ease of reference, I am enclosing them in this folder:

- The TO (P) note on the hostage position (Flag B);
- two FCO notes on the talks with Argentina, informing you of how they plan to handle the talks and seeking your agreement to try to seek direct communications (Flag C);
- An FCO note on "a wider European Community" - which is largely for information, but also relevant to your Austrian trip (Flag D).

Not in your folder for this meeting, although you may want to touch on it, is a note from Sir Percy about US/Soviet talks on Chemical Weapons.

Do you want me to be present to take a note?

CS

- Yes please
ms

Caroline Slocock

7 August 1989

SECRET

A.
28 a

PRIME MINISTER

7 August 1989

MEETING WITH THE FOREIGN AND COMMONWEALTH SECRETARY

You are to have a meeting with the Foreign and Commonwealth Secretary tomorrow to run over current issues before you go on holiday.

✓ On hostages, the tension has fallen a little and we may be at the beginning of a long bargaining session between the Israelis and Hizbollah at one level and between the US and Iran at another. Our interest is in maintaining our principle that we do not make deals over hostages, while ensuring we know what is going on, and that our hostages are not excluded from any final package. We need to know more how the Americans see it. Do you wish to talk again with President Bush before you go?

On Hong Kong, there are several points. The Foreign Secretary will no doubt want to tell you of his meeting with the Chinese Foreign Minister in Paris. Qian was fairly tough and I would regard his performance as a good guide to the likely Chinese response to the various representations we shall have to make in the coming months. The question of the PLA in Hong Kong was raised. It is a very long shot and there is little chance of getting what we want while Deng is about, or after for that matter. The Press have now fastened on to it; this could be dangerous. We do not want to set our sights too high in public and make the PLA issue the touchstone of success.

You may also wish to discuss the timing of visits to Hong Kong. The Foreign Secretary would particularly welcome guidance on the Prince of Wales' projected visit in November.

SECRET

6

We ought to make our plans on the "flexibility" package public before November, otherwise Hong Kong will think we are going back on our undertakings (you promised Lydia Dunn an early statement). But such an announcement would not of course help the atmosphere for the Prince's visit. Ideally, it would be better if it could be postponed until next year, even the autumn of next year, which is probably the earliest practical alternative.

As you find from papers in your weekend box, this may be difficult. FCO are coming back with the earliest possible alternative date.

CRS
7/8

On the Vietnamese Boat People, we still face US objections to our plans. Jim Baker spoke to the Foreign Secretary on the subject in Paris.

You will have seen the reports about Deng's health. We have no collateral but he is old and sick. This suggests some contingency work on messages. His death might also herald a renewed period of instability on the Chinese mainland.

On Argentina, you will want to stress the need for great caution and precision in our New York talks.

NB There are two FCO submissions in your folder.

On the Community, the Foreign Secretary will probably seek your guidance on the approach to the EC issues of the autumn.

See also note in folder on "a wider European Community"

On Commonwealth matters, the Foreign Secretary would probably welcome your thoughts on the preparation for CHOGM and on tactics over the Commonwealth Secretary General's post. He may also have some comment on Commonwealth sport.

? Also: Chemical Weapons us/Soviet talks?

PERCY CRADOCK

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have your first bilateral with the new Foreign Secretary tomorrow. You will probably want to use it for a general discussion. The only piece of specific business is the Conference on Cambodia in Paris at the week-end. The Foreign Secretary will meet the Chinese Foreign Minister in the margins and intends to make three points: the Chinese face a huge task of restoring confidence in Hong Kong and need to set about it quickly and effectively: we need real consultation about the Basic Law, in which they take account of Hong Kong points: and we shall need to resume the work of the Joint Liaison Group shortly.

On more general themes, you might like to steer him towards some general priorities. For you, the Anglo-American Alliance remains central. We face some problems, because of a tendency in the State Department - possibly stemming from Baker personally - to devalue our role and upgrade the Germans. We must not let ourselves be riled by this, but work quietly and patiently to preserve the substance of the relationship - and above all defence and intelligence links - until the Americans rediscover in some crisis who their real friends are.

We have also forged a very special place for ourselves with the Soviet Union, based on your personal relationship with Gorbachev. This has considerable political value to us. It is based on demonstrating that you can be firm with the Soviet Union and yet have a good relationship.

Relations with France and Germany are problematical. They are obsessed with each other and sometimes try to shut us out. But on the French side at least there is much insincerity. The French worry about Germany and would like to be closer to us. Mitterrand's views on defence are sound. We are both determined to keep our independent deterrents. All this we can exploit, but at the end of the day you can never rely on

them. They will do us down if it suits them. The Germans are a real worry. They are losing their backbone on defence, while reasserting themselves on European issues. They are becoming an uncomfortable partner. Japan is particularly inscrutable at present.

The problem areas on which he ought to focus most are:

- the European Community. We have just completed a phase which has been a success for the UK - our budget contribution, reform of the CAP, focus on the Single Market. Now the supporters of far-reaching integration are trying once again to seize the initiative, with the Delors plan for economic and monetary union. We have got to divert that movement towards much more modest goals, and put forward our own alternative ideas, without giving the impression of being anti-European.
- Soviet Union and East Europe. Communism is sliding, but this creates its own dangers. Gorbachev could go and the whole process be put into reverse. Or the pressures for rapid change in East Europe could get out of hand. We have to help manage change, while making sure that the East Europeans are not enabled to avoid hard choices on economic reform.
- NATO. After 40 years of success, it is beginning to slip. The urge to assume the best, reduce weapons and abandon our nuclear defences is growing. We have got to hold the line, but have precious few allies.
- China/Hong Kong. We have a potential catastrophe on our hands. Somehow we have to restore confidence without creating new problems for ourselves, e.g. over immigration.
- Southern Africa offers the best prospects for constructive British diplomacy. We are the only ones

who carry real weight down there. There is a real chance of getting rid of the whole apartheid/sanctions issue. But we, i.e. the FCO, have got to be hard-headed.

- Middle East. Always the most dangerous spot and very little we can do to influence it. All we can do is to keep on giving encouragement and support to our friends particularly in the Gulf, while keeping up the appearance of progress on Arab/Israel so that they don't lose heart.
- Resources and diplomacy. You hope he will cast a Chief Secretary's eye on how and where the FCO spends its resources and whether they can be better applied.
- No. 10 and the FCO. You want regular bilaterals with him and the closest possible working together, so that the FCO is an instrument for carrying out Government policy not FCO policy.

CHARLES POWELL

26 July 1989

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He wants to raise the following points:

- Commonwealth Secretary General. He still hankers for us to be actively promoting Anyaoku. I think your hands-off attitude is best. We are going to get burned whichever candidate we support now. Its better to continue to sit on the fence. If the deadlock continues, it is still possible that a dark horse - Ramphal or someone else - will come through.
- Poland/Hungary. He will report on the discussions at the Foreign Affairs Council on food aid for Poland. It is rather a pity that Genscher seems to be able to give the impression that this was a German initiative.
- Argentina. You have approved his proposals for how we should respond to the indications from the Argentinians that they would like to normalise relations. But we shall need to move very cautiously, as they say different things on different occasions.
- Vietnamese Boat People. The first repatriations will take place later this week. They will not be forced in the sense that we shall not be putting handcuffed or resisting people on to the aircraft, although I doubt they are particularly pleased to be going back. Although President Bush was not unsympathetic when you raised the matter with him in Paris, I am told that Secretary Baker was a good deal less helpful and there is a risk that the Americans will come out with a critical statement.

- Afghanistan. He still wants us to take an initiative now for a peaceful solution or push the Pakistanis into taking one. You have been unwilling to do this and rightly so: we should not yet write off the prospects of the Resistance winning.

C.D.P.

C. D. POWELL

18 July 1989

DASAXK

PRIME MINISTER

26 (a-b)

BILATERAL WITH THE FOREIGN SECRETARY

You are to have a bilateral with the Foreign Secretary tomorrow afternoon. There are three subjects he wishes to raise:

- Hong Kong. He will want to tell you about his visit. His statement to the House this afternoon went quite easily: indeed, Labour took up a tougher position than the Government, Kaufman saying that if we were to give right of abode to certain categories of people, then Labour would cancel it if they were the Government. That of course is calculated to undermine confidence in any scheme we introduce.

I understand that the Foreign Secretary has come back convinced that we shall have to offer right of abode to more than the 150,000 which was agreed in OD(K). He thinks that anything less than 250,000 will be scorned in Hong Kong. Apparently, he has already convinced the Home Secretary of this. If we can agree on that figure, he believes the Government could announce the broad details of the scheme and the total before the House goes into recess. You will wish to consider whether you are prepared to go beyond the 150,000/170,000 which you were willing to contemplate in OD(K). The Governor apparently argues that, if we limit it to 150,000, they might all come, whereas if it is 250,000 quite a lot would not come. But I don't know how he can tell.

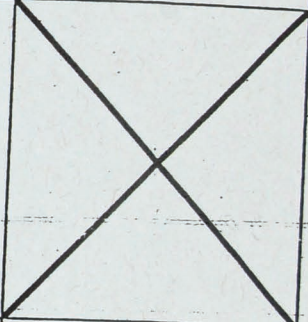
- Miss Bhutto's Visit. The main thing is to create a good atmosphere and encourage her to be sensible on relations with India and on nuclear issues (although I suspect we shall just get the usual assurances on the latter, which are not worth anything).

- Aid to Poland. There are signs that the Americans are going to bounce us all at the Economic Summit into an aid package for Poland. They have already tried on us the idea of de-linking World Bank loans from an IMF programme, which we have rejected. The signs are now that the President will propose setting up a consultative group to provide economic support for political reform and will invite other Summit countries to contribute. It seems quite likely that some others at least will agree, although the Germans may share our reservations: their negotiations with the Poles have broken down and Kohl's visit to Poland is postponed indefinitely.

C.D.P.

CHARLES POWELL

5 July 1989

DEPARTMENT/SERIES	PREM 19	Date and sign
PIECE/ITEM (one piece/item number)	3340/3	
Extract details: minute from Powell to the Prime Minister dated 13 June 1989		
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Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.

This should be an indication of what the extract is,

eg. Folio 28, Indictment 840079, E107, Letter dated 22/11/1995.

Do not enter details of why the extract is sensitive.

If closed under the FOI Act, enter the FOI exemption numbers applying to the closure, eg. 27(1), 40(2).

Sign and date next to the reason why the record is not available to the public ie. Closed under FOI exemption; Retained under section 3(4) of the Public Records Act 1958; Temporarily retained; Missing at transfer or Number not used.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The main subjects which suggest themselves are:

China: how to interpret developments there, the likely outcome of the apparent struggle between those who support democratisation and the hardliners, and the implications for Hong Kong.

SNF: the Germans have turned down the proposals which the Americans put to them at the weekend and are trying to engage the Americans in a further negotiation to narrow the gap, particularly on the question of when negotiations on SNF would begin (i.e. before or after the implementation of an agreement on conventional force reductions). The great danger must be that the Americans will resile further from their position, in order to reach an agreement with the Germans before the Summit. You need to discuss with the Foreign Secretary how we can discourage the Americans going any further.

Shamir visit: there may be some points of follow-up from your meeting today with Mr. Shamir.

Visas for Turkey: the Home Office believe the situation has become intolerable and that we must introduce a system in the shortest possible time (in practice a month from today). The Foreign Office are concerned that they do not have adequate facilities in place in Turkey. I imagine you will incline towards the Home Office view that even a slightly ramshackle system of visa-giving will be better than nothing.

Yes not

European Elections: there may be points arising from your Press Conference today which the Foreign Secretary wants to raise.

Senior Staff: there is a separate note in your box about his proposals on senior appointments in the Diplomatic Service. It might be better to deal with this in writing rather than have a further discussion at this stage.

C.D.P.

C. D. POWELL
22 MAY 1989

L03BHO

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow evening. The subjects to cover are:

- SNF

So far the US Administration have been remarkably sound and Henry Kissinger this morning confirmed very strongly your own views. But the telegram we saw yesterday suggesting that the Americans and Germans are working with a less than satisfactory text is a worry. We have not yet heard any more from Washington about this but may get some news in tomorrow morning. We need to decide how to handle this issue in the ten days or so remaining before the NATO Summit. Is there a case for a further high level message to the Americans (probably Foreign Secretary to Baker rather than you to Bush)? Should you take the initiative in telephoning Helmut Kohl to see where matters stand? Do we have any further information on what the Dutch are up to? Has the time come to try to agree a form of words with the Americans with which we can both live in the hope that they can be tied down to it?

- Argentina

The Foreign Secretary will want to give you his assessment of the implications of Menem's election. He is clearly a highly unsatisfactory choice, among other things because he is a friend of Qadhafi's. Argentina's horrendous economic problems should deter him from presenting much of a threat to the Falklands in the short term. But you can never tell: the very scale of the domestic problems may encourage him to look for a distraction elsewhere. Is there anything to be said for a small but ostentatious temporary strengthening of our

forces in the South Atlantic as a warning to Menem?

- European Community

You have the manifesto launch on Monday followed by the Candidates Conference. This may be the last chance for you to talk to the Foreign Secretary before then about the impression you want to get across at the launch. Getting out the Conservative vote looks likely to be the main problem which suggests that you should go strongly on the no Socialism through the back door line. At the same time, you will want to be positive about our sort of Community.

- Leon Brittan

Leon Brittan is coming in to see you on Thursday evening. You may want to ask whether there are any particular points the Foreign Secretary wants you to make to him.

C.D.P.

(C.D. POWELL)

16 May 1989

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. There are a number of points he wants to cover:

- Iran He wants to discuss how we should act on the latest threats made by Rafsanjani. It seems to me we need some more demonstrative action by the Europeans.
- Yugoslavia You saw the JIC note last night about the probable involvement of the Yugoslavian Intelligence Service in the attempted assassination of a émigré dissident in Scotland. The question arises whether we should now take some action, eg by expelling a member of the Yugoslav Embassy.
- Soviet Union You have agreed to the proposed expulsions of the Russians on 19 May. The only question is whether we should act against the Czechs simultaneously or later. You commented that you would want both sets of expulsions out of the way before the NATO Summit and President Bush's visit. In practice that leaves only a week in hand after the action against the Russians, in which case the sensible course would surely to be to do both lots simultaneously on 19 May.
- South Africa It seems unlikely that the South Africans will retaliate over our recent expulsion of three members of their Embassy. We should seek to draw a line under the episode.
- SNF You will want to check the line which the Foreign Secretary proposes to take with Herr Genscher on Thursday to be sure that it is sufficiently robust. Chancellor Kohl suggested that Herr Teltschik and I should meet, but it seems best to let the Germans make the first move and I have not done anything about this. The Foreign

SECRET

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Secretary will also be seeing Jim Baker in Brussels at the end of the week, when the latter will be de-briefing NATO on his visit to Moscow. That would be an opportunity also to stiffen him on SNF.

The impression persists that the Americans - despite their firm words - will eventually look for a compromise rather than have a major row at the Summit. It seems to me this is likely to consist of defining the place of SNF negotiations in an overall pattern of East/West negotiation, so that they fall the far side of agreement on conventional forces reductions.

Senior Appointments in the Diplomatic Service

I think that the Foreign Secretary wants to return to this subject on which there have been further discussion within the Foreign Office. I attach a separate note summarising such intelligence as I have.

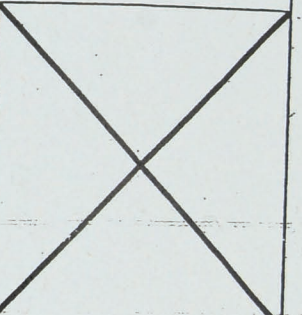
CD?

C. D. POWELL

9 May 1989

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You are to have a bilateral with the Foreign Secretary tomorrow afternoon, following the seminar on Global Climate Change. The following points need discussion:

- SNF. The Americans appear to have been admirably firm with Genscher and Stoltenberg but now to have passed the baton to you and your meeting with Kohl on Sunday. I think you will need to be fairly brutal with him in private. You will also want to spell out our own views very clearly in public and we must prepare some wording for this. It will be important not to antagonise German opinion so that it rallies behind Kohl. Our aim should rather be to make them feel uncomfortable about the way in which their Government is departing from established NATO strategy and breaking ranks with the two countries which have consistently been Germany's closest allies. We also have to bear in mind that on the question of negotiations on SNF, the Germans have the support of the great majority of NATO Members.
- ARMSCOR. Robin Renwick's feeling is that we cannot let South African behaviour over this pass without some action, probably in the form of expelling a number of the South African Mission here. The Foreign Secretary is likely to have a proposal on this tomorrow.
- South Africa. You may want to discuss your impressions of Mr. du Plessis, whom the Foreign Secretary will also have seen. We shall need to combine firmness over the ARMSCOR business with continued encouragement for sensible and reasonable

23 B

SECRET

- 2 -

people like du Plessis.

- UN Secretary-General. When you last discussed this subject, the Foreign Secretary was still reluctant to see us encourage someone to float Sonny Ramphal's candidacy. I think you should press him further on this; it would be much better to get it launched before President Babangida's State Visit in the second week of May (and preferably settled before Bob Lawke comes here in June). You might say that you intend to write to Brian Mulroney to suggest that he should take the initiative in canvassing support for Ramphal.

e.S?

C. D. POWELL

25 April 1989

SL3BJJ

SECRET

cc Baker

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. He has recently attended an informal meeting of EC Foreign Ministers in Spain, and visited Washington for meetings with President Bush and Secretary Baker.

Points you need to cover are:

- visit to Washington. He will want to give you his impressions of where the Americans have got to with their policy review, and their reactions to your meeting with Gorbachev.
- SNF modernisation. You will have seen the telegrams reporting the unsatisfactory outcome of the Foreign Secretary's discussions with Jim Baker. It is clear that the Americans are ready to settle for a lot less than we consider necessary.
- Economic and Monetary Union. The Chancellor used the agreed line in his press conference in Luxembourg. Other governments reacted quite positively to the Delors Committee proposals. We are in for a long war of attrition.
- EC matters. You will want to make clear to him your concern at attempts by the Commission to extend Community competence into new areas and the need for us to react very vigorously to every manifestation of this.
- Lebanon. You will want to discuss how we follow up your talk with President Mitterrand and subsequent discussion with the UN Secretary-General.

LM12
Paris Club
C D P
Charles Powell
18 April 1989

Poland. We are in danger of losing our leading role. We need an early decision on economic help.
MJ2DKW

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He is leaving on Thursday for a visit to Washington. The main subjects which he wants to discuss are:

Post-Gorbachev

I think he wants to give you his assessment of the visit and consult you about what he should say to the Americans. They will, of course, have received your message to President Bush.

His visit to Washington

He will want to run through the subjects he intends to raise and the programme for President Bush's visit here.

London Information Forum

He will tell you how he sees the significance of the Forum and make some suggestions as to what you should say in your speech. We have had a draft from the Foreign Office but I have not yet had time to look at it.

SNF Modernisation

The Germans will be in Washington this week to discuss what should be said at the forthcoming NATO Summit about this. In their public statements they continue to reject any decision on modernisation and press for negotiations on reductions.

Namibia

You might like to say that ~~our~~ people in South Africa, Angola and New York have done very well over Namibia in getting the agreement back on the rails.

C. D. P.

C D POWELL

11 April 1989

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The main subjects to cover are:

- Namibia. You will want to review the situation in the light of the UN Report on SWAPO's violation of the agreement and any consequent action in the Security Council, in particular the question of ensuring that the United Nations itself monitors SWAPO's commitment to withdraw north of the 16th parallel.
- Your visit to Africa. You will want to give him an account of your visit.
- His visit to India, Pakistan and the Gulf. He wants to tell you some of his impressions from this.
- Mr. Gorbachev's visit. You will have been through the brief and your speech. You will want to consider the public presentation of the visit and how you should respond to Mr. Gorbachev's speech at the Guildhall.
- Gorbachev's arrival. I am afraid that the Foreign Secretary refuses to take no for an answer and is likely to raise the question of whether Lady Howe should be at the airport. I can see no justification for this. The only spouses present will be Mrs. Gorbachev, Mr. Thatcher and the Soviet Ambassador's wife (which is fair enough since the Gorbachevs will be staying with her). If he does raise it you might simply say that you do not think it appropriate (Lady Howe's claim is fairly tenuous based on the fact that she met Mrs. Gorbachev in 1984).

C. D. ?
(C. D. POWELL)

3 April 1989

mf

PRIME MINISTERBILATERAL WITH THE FOREIGN SECRETARY,
23 MARCH 1989

I understand the Foreign Secretary wants to raise the following subjects:

- SNF Modernisation

Kohl's domestic political position continues to weaken (the latest poll puts his standing lower than ever) and one has to assume that the prospects of getting him to take a sensible decision on SNF are diminishing. German statements about the unfairness of pressing them too hard are becoming more shrill. Sir Robin Butler's visit to Washington suggests that the Americans are divided, with the White House still strongly supportive of your line on modernisation but the State Department worried about leaning too hard on Kohl. We should certainly not give up. Much rests on your meeting with Kohl at the end of April. But we may in the end have to settle for a formula which is a lot less specific than we want.

- Commonwealth Secretary General

The Foreign Secretary has written to you about this. He appears to think that Malcolm Fraser's prospects are improving rapidly and Anayoku's support is not very firm. He suggests that you should tell President Babangida that we shall not oppose Anayoku. I am not sure this is wise if our real position is to encourage Ramphal to stay on for a while. You will remember that this option seemed to appeal to Brian Mulroney. You may want to urge the Foreign Secretary to give more weight to the Ramphal option. Our line with others should continue to be that we shall not make up our minds until we know for sure who all the candidates are.

- Visit to Southern Africa

We have not yet heard from the South Africans their formal reaction to the possibility of your visiting Namibia. When Pik Botha discussed it with Robin Renwick he was considerably more up-beat than in his talk with you. He is now consulting President Botha. Meanwhile, we have a carefully prepared contingency plan for going if you take the decision to do so.

- The Foreign Secretary's Visit to the Sub Continent

He wants to tell you about his own visit immediately after Easter to India and Pakistan. He has had to curtail his programme in Pakistan because of the Rushdie affair.

- Iran

I think he wants to bring you up-to-date on what our European allies are doing about returning their Ambassadors to Tehran.

- Mr. Gorbachev's Visit

I have sent the Foreign Office a copy of the note which I did for you about the talks, together with the points which emerged from your discussion with me and Percy Cradock. I hope the briefs will now be tailored to this. Meanwhile, the programme is now more or less finalised and the Russians seem well content.

- Lockerbie

He wants to discuss our attitude to possible American retaliation for Lockerbie against the PFLP-GC in Lebanon (see attached note by Percy Cradock). We surely cannot be less than supportive, although I am sceptical as to the effectiveness of any action in Lebanon. The first and more useful step would be for the US to break diplomatic relations with Syria, which harbours the PFLP-GC.

C.D.R

CHARLES POWELL

22 March 1989

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon, after your meeting with Pik Botha. The subjects he wants to raise are:

- South Africa He will be seeing Botha after you and will therefore be keen to have an account of how you got on. You ought also to discuss with him the problems which SIS have encountered in South Africa. Mercifully the South Africans seem keen to damp these down and avoid publicity: but it does make it harder for us to tackle them about some of their alleged, nefarious activities in London.
- Rushdie He will want to report on the discussions in the Islamic Council which is meeting at Foreign Minister level at present. By all accounts the Iranians are not making much headway there. Your message to a number of Moslem leaders has clearly had a very useful effect.
- Environment He wants to give you his thoughts on the next steps on the environment, both the follow up to the Ozone Layer Conference and to the meeting in The Hague.
- Commonwealth Secretary General You ought to have a further word with him about this following your talk with Brian Mulroney yesterday. You seemed to be tending to the view that extension of Sonny Ramphal for a further two or three years would be the least difficult outcome.
- Middle East You will want to give him your impressions on King Hussein's current position. In essence he is reluctant to be drawn back into negotiations, preferring

to stay comfortably in the pack. We are going to have to make him see that this is not realistic: the Israelis are not going to negotiate unless they can negotiate with Jordan as well as the Palestinians. The King's attempt to wash his hands of responsibility just won't work.

e.d?

C. D. POWELL
14 March 1989

KKLAME

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which he wants to raise are:

Iran

He wrote last week setting out options for further action against Iran. You commented that they were not very decisive or up to the task. The Foreign Secretary has subsequently chaired an interdepartmental meeting to produce further proposals. This is likely to recommend closure of the Iranian Consulate-General in Hong Kong and expulsion of some locally engaged staff in London now, with other measures held in reserve. There is not much enthusiasm for my suggestions of a private but explicit warning to the Iranians of the sort of action which would follow an attempt on Rushdie or other terrorist act; and that we might consider strengthening the Armilla Patrol temporarily as a warning signal to the Iranians.

Meeting with Baker and Shevardnadze

He will want to tell you about his meetings in Vienna with Baker and Shevardnadze. His feeling from talking to Baker was that the Americans are heading for a fudge on SNF modernisation. The Dutch are clearly angling for the same. Yet Bush's message suggested that he agreed with your view.

Middle East

You may like to ask for the Foreign Secretary's assessment of William Waldegrave's visit to Israel. King Hussein is coming to lunch with you next Monday and will probably seek some sort of help over Jordan's economic problems. We also have indications that Shamir may want to come in mid-May.

CONFIDENTIAL

South Africa

We are beginning to plan your visit to Namibia. But you will need to take a firm line with Pik Botha, warning him off from trying to take over the visit.

e D?

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OF THE PUBLIC RECORDS ACT

(C. D. POWELL)

7 March 1989

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

You have a bilateral with the Foreign Secretary tomorrow afternoon. Points he wants to raise are as follows:-

- Commonwealth Secretary General

Ramphal is angling to stay on and is likely to ask to see you to enlist your support. The Foreign Secretary is opposed to renewal and I am sure this is right. But I think he will be urging that we support Anayoku instead. Although a nice man and undisputably better than Malcolm Fraser, I wonder whether he has the stature. We have to keep in mind the risks to our relations with Nigeria if we seem to be actively opposing him. The best outcome would be for some other and better candidate to emerge, although none is in sight at present. Unfortunately Obasanjo's candidature is blocked by Anayoku who has the support of the Nigerian Government.

- Visit to Southern Africa

I think the Foreign Secretary will crack and agree to a visit to Namibia. We need to get Robin Renwick involved in the planning as soon as possible. You will also need to speak to Pik Botha when he comes to ensure that the South African Government do not try to exploit the visit for their own ends.

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- Iran

The Iranians have voted to break off relations with us altogether unless, within a week, we see the error of our ways and repudiate utterly Rushdie's attack on Islam. Obviously we cannot accept an ultimatum on this. Equally, we do think Rushdie's book ill-judged and provocative and have said so publicly. It ought, therefore, to be possible to point to statements we have made before the Iranian ultimatum to show that we disapprove of Rushdie's blasphemy while being absolutely resolute in defence of free speech.

- Conventional force negotiations

I understand that some progress has been made towards resolving the Turkish problem but not yet enough.

- Cyprus

The Foreign Secretary will want to hear how you got on with President Vassiliou at lunch. He will be seeing him later in the day.

You may like to comment that Ewen Fergusson is clearly doing very well in Paris and should stay until the end of the British presidency in the second half of 1992.

C.D.P.

Charles Powell

28 February 1989

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which he wants to cover are:

- M. Rocard's Environmental Initiative. You are seeing M. Rocard on Wednesday and will need to respond to his invitation to attend the environment meeting in The Hague on 11 March. I imagine that you will not wish to go. His proposed declaration is a mixture of the pious and the impractical; and neither the Americans, Russians, nor the Chinese have been invited. On the other hand most other European countries as well as Japan, Australia, India, and Canada will attend. Your absence will be noted and will be used by your opponents to claim both that Britain is being excluded from a worthwhile international initiative because of your obstinacy: that your commitment to action to deal with environmental problems is not whole-hearted: and that you should have gone if only to argue against the Rocard proposals.

These accusations can of course be dealt with by making clear that you were invited but decided not to go; that Rocard's ideas are impracticable; that other major countries are not attending; and that your commitment to practical action is demonstrated by our CFC conference. The Foreign Secretary may argue that we should be represented at the Conference. I would be against this: first it would make our position less clear-cut, and second it would look as though your non-attendance was based on personal pique. Let's not go and let's explain the reasons why clearly.

CONFIDENTIAL

- 2 -

- South Africa. He will want to discuss your suggestion of an early meeting with De Kleerk, possibly before your visit to Africa. I attach my letter on this.

- Gibraltar. He will want to let you have his reflections, following his visit and his meetings with the Spanish Ambassador.

- Nicholas Fairbairn. The Foreign Secretary and Defence Secretary are concerned about his intervention in Malaysian affairs and want to warn him off. He is certainly causing confusion. Colin Marshall complained yesterday that Nicholas Fairbairn had telephoned Lord King from Kuala Lumpur telling him not to negotiate any more on air services without discussing it first with him. I further understand that his claim to you that he met Dr. Mahathir in Kuala Lumpur is untrue. In fact he was turned away from the hospital.

C.D.P.

C. D. POWELL

6 February 1989

KAYAQF

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. Points which he will raise are:

- Gibraltar. He will just have returned from his visit and will want to tell you about reactions to our decision to reduce the garrison. You will want to ask how matters stand on the airport agreement.
- Germany. You saw the telegrams reporting his talk with Genscher. The outlook on modernisation/SNF is not bright: the German cabinet discussion planned for today was cancelled. The election result in Berlin will have caused consternation within the coalition. You will need to consider very carefully tactics for the summit with the Germans on 20/21 February, both on the modernisation issue and on monetary issues.
- Embassy in Kabul. The Foreign Secretary will want to bring you up to date on evacuation plans.
- Hostages. I do not think there is anything new. All one can say is that there is a great deal going on between Iran and Syria and their respective militias in Lebanon at present, which might create conditions for the release of the hostages.
- Expulsion of Soviet spies. It's up to you whether to raise this. I am not sure there is much to be gained - you have drawn your own conclusions about the Express story.
- Senior Appointments in the FCO. He wants to have a talk on this soon, although it's up to you whether to do so tomorrow. I attach a separate note, in case you do.

C.D.P.

(C. D. POWELL)

31 January 1989

Top filed on
Soviet Union: Relations
TP

SECRET AND PERSONAL

17a-
cop a



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

24 January 1989

SOVIET EXPULSIONS

The Prime Minister had a meeting this evening with the Foreign and Home Secretaries to discuss the proposal that we should expel a number of Soviet intelligence officers from the United Kingdom in the near future.

It was argued, on the one hand, that the steady restoration of the Soviet intelligence presence in the United Kingdom and its increasingly aggressive operations constituted a threat to our national security. We should therefore take early action to decapitate the Soviet Union's intelligence effort here. The professional advice was that we should remove eleven intelligence officers and retrospectively exclude two others and should act promptly. Expulsion of a lesser number would be an inadequate response to the threat. We had traditionally taken a firm line against such activity by the Soviet Union and there was no reason to depart from our normal practice on this occasion. Indeed to do so would give the wrong signal. While there was inevitably some risk that such action would affect Mr. Gorbachev's planned visit, it was more likely that the Russians would choose to separate the two issues. The rather special relationship built up between the Prime Minister and Mr. Gorbachev rested in part on his respect for our firmness.

We should therefore go ahead with the expulsions shortly after Mr. Gorbachev's forthcoming visit was announced on 30 January. Equally, it was recognised that the two issues - whether to expel and when to expel - could be treated separately. We could decide now to take action but carry it out after Mr. Gorbachev's visit. The risk of this course was that new reasons of Anglo/Soviet relations might then be adduced to delay action further.

Against this, it was argued that our national security depended also on our ability to play an important role in East/West relations. We had been very successful in building up a part for Britain which went well beyond our intrinsic importance for the Soviet Union, and which brought us very considerable political and diplomatic benefits. Mr. Gorbachev's forthcoming visit was very significant in this context and we should not put it in jeopardy. At the same time, the dossier compiled by the Security Service did not

SECRET AND PERSONAL

provide very convincing evidence of immediate and substantial danger to our national security from Soviet intelligence activities. Much of it was very circumstantial, and the main operation identified involved a double agent and did not therefore constitute a serious risk. Indeed it gave us a useful insight into Soviet operations. The Security Service note also demonstrated that, when Gorbachev's visit had been planned last year, the Soviet intelligence agencies had immediately suspended active operations in the United Kingdom. They would presumably do the same this time, in which case it could hardly be argued that our national security would suffer as a result of delaying the expulsions until after the visit. We had to weigh in the balance, too, the implications for the effectiveness of our Embassy in Moscow of the retaliation which would inevitably follow expulsions from the United Kingdom. Last time we had got involved in a cycle of expulsions and retaliation, we had emerged as the losers, at least in the public's perception. All this meant that it was not right to contemplate putting the Gorbachev visit at risk. We would not lose anything by delaying the expulsions until after the visit had taken place. Whenever the expulsions were made, we should make every effort to minimise publicity.

The Prime Minister concluded that there was not yet agreement on the nature or timing of the action to be taken. She would discuss the matter further with the Director-General of the Security Service, in particular the quality of the evidence against the Soviet personnel concerned and the extent to which the risk to our security from their activities would be increased by delaying expulsions until after Mr. Gorbachev's visit. There would then need to be further consideration by Ministers.

I am copying this letter to Philip Mawer (Home Office).

(CHARLES POWELL)

J.S. Wall, Esq.,
Foreign and Commonwealth Office.

PRIME MINISTER

BILATERAL WITH THE FOREIGN AND COMMONWEALTH SECRETARY

You have a bilateral with the Foreign and Commonwealth Secretary tomorrow afternoon. Subjects which he wants to discuss are:

- Modernisation of NATO's nuclear weapons

He wants to look at the position we have reached and discuss the line he should take with Herr Genscher next week. You will want to encourage him to get an early message to the State Department about the need for the Americans to weigh in with Chancellor Kohl, preferably before the Germans reach their decision.

- Gorbachev's Visit

He wants to look ahead to the programme for Gorbachev's visit. We do not yet have many details. But the Soviet Ambassador has indicated that the Russians hope we can follow very much the same programme as planned for December. Does this suit us? Or are there changes we want to make, e.g. do we want to press him to travel outside London or to do a Press Conference?

- Hong Kong

You should be aware of the editorials in today's Financial Times and the Wall Street Journal (copies in the folder). The impression is being cultivated in some circles that we are weakening in our commitment to preserving a free enterprise system in Hong Kong.

- Death on the Rock

The Windlesham Report is out later this week and will not be very satisfactory, in effect exonerating Thames Television. The Foreign and Defence Secretaries feel that we should express our dissatisfaction publicly but not get involved in detailed argument about it.

SECRET

- 2 -

They advise against Ministers going on television but propose to brief Michael Mates fully to do so.

- Expulsion of members of the Soviet Embassy
There may be points from this afternoon's discussion which you will wish to pick up.

e.dp

CHARLES POWELL

24 January 1989

The future of Hong Kong

TIME IS running out for the British and Hong Kong Governments to demonstrate that they have either the inclination or determination to fight to safeguard the interests of Hong Kong's 5.5m inhabitants before the colony is returned to Chinese sovereignty.

The British approach — that quiet diplomacy is the only way forward — has produced few fruits so far. Admittedly, once the reversion of Hong Kong to China in 1997 had been agreed, Britain was always going to be negotiating the modalities from a weak position. It is not surprising, given this tactical reality and the effective and eloquent lobbying campaign conducted by concerned residents of Hong Kong, that the British Parliament's Foreign Affairs Committee should start, however belatedly, an urgent inquiry into the Government's handling of the matter. Its intervention may even be welcome, if it throws some public light on negotiations that have been conducted behind closed doors.

Basic Law

The critical issue is the Basic Law covering the colony's administration for 50 years from the hand-over in 1997. This will be promulgated as soon as early 1990. The first draft, published last year and described in Hong Kong as a tree full of rotten apples, did depart significantly in both content and spirit from the principles of the 1984 Sino-British Joint Declaration agreeing the transfer of sovereignty. The British and Hong Kong Governments insisted, however, that they could get it improved. The drafting committee finished its proposals for the second draft in Guangdong last week. After it is published next month, there will then be only one last chance for consultation and amendment before the final version is published next year.

The more worrying departures from the Joint Declaration in the first draft concerned the independence of the judiciary, the degree of autonomy of the Hong Kong Special Administrative Region and the method of selecting the chief executive. These concerns remain. Informed leaks from Guangdong suggest the proposed second draft would, for example, allow the Chinese

National People's Congress to be the interpreter of Hong Kong's laws and would deny Hong Kong full autonomy in the management of the economy.

In some instances, there seems to have been an even greater move away from the spirit of the 1984 Joint Declaration. Direct elections for Hong Kong's chief executive and Legislative Council could now be postponed until at least 2,012. Even then, the introduction of full direct elections would be subject to a referendum and, in a further watering down of democratic intent, the Peking supporters dominant on the drafting committee have pushed through a clause stating that a referendum would only be held if China and the Legislative Council of the time agreed.

Diplomatic effort

The onus on the British and Hong Kong Governments now is to demonstrate that quiet diplomacy really is being exerted to protect the interests of the people of Hong Kong. It might help to remind China publicly that Hong Kong is an asset, not a liability, that it possesses a well of skills and entrepreneurial vigour which will quickly dry up under heavy-handed political and economic controls. The Chinese seem to be forgetting the understandings which lay behind the 1984 Joint Declaration, particularly with regard to the evolution of democratic processes.

There is also still something that Britain itself can do for the people of Hong Kong, which is to open its doors to more of them. As it stands, only the privileged few will be allowed residence in Britain. Portugal, on the other hand, has granted passports to the ethnic Chinese in Macau, which returns to Chinese sovereignty in 1999. Thus Macanese will, under European Community law, be able to live and work in Britain while "British" subjects from Hong Kong will not. Lord Glenarthur's comment that this might seem unfair but that "many things in this world are unfair" encapsulates much that has been wrong in the style and content of Britain's handling of the colony since 1984. It is not quite too late to change.

Maggie's Honor

Britain's acquiescence in communist China's increasingly restrictive plans for capitalist Hong Kong come 1997 is baffling given Prime Minister Thatcher's commitment to free markets and opposition to communism. Yet a chance is emerging for Mrs. Thatcher to save face. The Commons is sending members to Hong Kong to look into whether Britain has honored the terms of the 1984 Sino-British Joint Declaration, the treaty by which London agreed to hand over Hong Kong to Peking in 1997. Had Britain been living up to its obligations there would be no call for such an investigation.

Earlier, the Peking-appointed committee that is drafting the Basic Law—the mini-constitution to govern post-1997 Hong Kong—approved a constitutional model that if adopted would rule out democracy in the territory for decades, perhaps forever. Under the model the people of Hong Kong would not be permitted to elect their own chief executive until at least 2012, when half of their legislature would also still be appointees. Democratic elections for chief executive and the legislature after that would be contingent on a referendum in 2011.

China has attached conditions that make it likely Hong Kong will never see democracy. Even the terms of the referendum are stacked: It would have to have the approval of a non-elected chief executive, a legislature only half-elected (whose appointed members risk losing their seats if they agree to elections), and, as the clincher, the Standing Committee of the National People's Congress. Jeffersonian it is not.

All this is light-years away from the terms and spirit of the Joint Declaration, which itself came between Green

and White Papers from the Hong Kong government promising democracy in Hong Kong before 1997. Indeed, on Dec. 5, 1984, after the Joint Declaration was initialed, Mrs. Thatcher's minister for Hong Kong, Richard Luce, assured Parliament that "we all fully accept that we should build up a firmly-based, democratic administration in Hong Kong in the years between now and 1997." The Joint Declaration specifies that Britain was to be able to do this with no interference from China.

Today no parliamentary committee is necessary to show that Britain has failed to live up to these promises. The promises have been betrayed by a process of revisionism, whereby terms are redefined and conditions dropped once they serve their political purposes. The Joint Declaration itself has been quietly relegated to history. Instead of ensuring that the Chinese-drafted Basic Law lives up to its terms, the new official line in Hong Kong is that all political arrangements after 1997 must be compatible with the Basic Law, which as last week's model shows is getting less democratic by the hour. Hong Kong people have been voting with the only vote they have: their feet.

If the parliamentary delegation is serious about its mission, there will have to be a confrontation with China. As a signatory to the Joint Declaration Britain has an obligation to see that its terms are enforced. If China refuses to comply, the only honorable recourse would be for Mrs. Thatcher to announce that Britain would be re-vamping its nationality laws to give its subjects in Hong Kong an insurance policy on an agreement imposed on them without their consent and violated against their wishes.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. He is away in Vienna today. The subjects I think he will want to discuss are:

- Arab/Israel: he will want to talk about Mr. Waldegrave's meeting with Arafat and fall-out from it, and how we take forward our policy in the Middle East. The focus must now shift to Israel and to getting ourselves on a firm footing with the new Israeli Government. At your request, the Foreign Secretary has invited Mr. Arens to come on an early visit. Mr. Shamir will probably not take up your invitation until April or later. Meanwhile, one of the lessons of the events of the last few days has been the changing attitude of members of the Jewish community and their MPs. More generally, we must not pump up expectations too much. It is bound to be some time before the Americans are ready to come forward with ideas.

- Gorbachev's visit: the Foreign Secretary will be aware of your talk with the Soviet Ambassador. There is nothing more to be done on this for now. Meanwhile, there is the awkward issue of expulsion of members of the Soviet Embassy to cope with. We must go ahead with this but should try to avoid publicity (which will be difficult).

Libya: the Americans seem to have shifted away from any idea of bombing the chemical weapons plant. But their ploy has had the effect of shaking the Germans out of their lethargy and into doing something about the supply of materials for the plant by German firms.

SECRET

- 2 -

- Southern Africa: we are announcing your visit to Southern Africa at the end of this week. All four Governments concerned have warmly welcomed the idea of your visit. We shall now get down to detailed programme planning. We await to hear whether President Chissano is able to come to Zimbabwe to meet you. We have said nothing to the South Africans about a possible stop-over there.

- Namibia. You remain uneasy about the arrangements for Namibia's independence. We cannot re-open the provisions of SCR 435. But we should look at ways in which we could improve the prospects that the elections will be fair, perhaps by discreet support and advice for the internal parties - SWAPO have all the help they need and more. What happens in Namibia will have a profound effect on the prospects for peaceful change in South Africa itself.

- Hong Kong: you may want to convey to the Foreign Secretary your strong feelings about the discrepancy between the way the Portuguese are treating their nationals in Macao and the infinitely more restrictive treatment meted out to British passport holders in Hong Kong. This is not to say that we should do as the Portuguese do: the numbers make that impossible. But it does suggest that we could be a little more flexible e.g. on civil servants and others who have worked very closely with HMG.

C.D.T.

CHARLES POWELL

18 January 1989SECRET

PRIME MINISTER

You have a final bilateral of the year with the Foreign Secretary tomorrow. He will be visiting the Gulf in early January. Subjects which he is likely to raise are:

Malaysia. You asked last time about the position over the rotation of the Agong (King) and whether the present incumbent would be safely out of the way by the time The Queen goes there in October. The Foreign Secretary will bring you up to date on developments.

Middle East. He will want to tell you about his Gulf visit which includes Kuwait. He will also want to mention developments over the PLO. You may like to advise him that, while you do not rule out a meeting between him and Arafat, it would be better not to rush into one. The people we have to work on now are the Americans and the Israelis.

Your Visit to Africa. There are separate papers in the box. He will continue to press you to include Mozambique in your visit. There are also strong arguments against.

Human Rights Conference. For some reason, we have not been getting the telegrams on this. The Americans are apparently locked in discussion with the Russians and there seems some likelihood that they will accept the Russians' assurances about their intentions on human rights, thus unblocking the way to agreement on the human rights conference in Moscow. You will want to be absolutely satisfied that the assurances are adequate. Moreover, we must surely stick to the position that, even with the assurances, the West would only actually attend such a conference if the Soviet Union carried out its promises between now and the date of the conference. There is a lot of pressure on this subject from Jewish and from human rights campaigners and you are seen as the central figure.

CDP

CHARLES POWELL

20 December 1988

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SECRET MF

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The points which are likely to come up are:

Gorbachev's Speech

Like you, the Foreign Secretary sees it as a very significant speech. As you told the Soviet Ambassador, it makes it all the more important that you should see Gorbachev as soon as possible to discuss it. We cannot yet start pressing the Russians on dates for the visit, but might do so in a week's time. Meanwhile, I have asked the Foreign and Commonwealth Office to produce an annotated version of the speech bringing out the main new points: and, in slightly slower time, to stress the evolution of Gorbachev's politico-military thinking over the last three years through his speeches.

Your Visit to Africa

The Foreign Secretary wants to discuss your proposed visit to Africa in early April. You have agreed the itinerary Morocco, Zimbabwe, Botswana and Malawi. He is likely to suggest that you add Mozambique on the grounds that it would be particularly news-worthy. I continue to have reservations about this on security, health and general political grounds. It is still basically a pro-communist regime, and we should give priority to our friends. Anyway, it is not such a novelty to go there: Chancellor Kohl, Princess Anne and the Foreign Secretary himself have all been recent visitors. We also need to keep open the possibility of your meeting President Botha in the area (but outside South Africa itself) in the event that he does not go to New York to sign the Agreement on Cuban Troop Withdrawal.

PLO

He wants to discuss possible future contacts with the PLO, in the light of Arafat's speech to the United Nations in Geneva tomorrow. The indications are that Arafat will make the three points we have long demanded, though how far they will be balanced by other comments remains to be seen.

I think he has seen him before

It is likely that President Mitterrand will agree to see Arafat once the speech has been made. There will be pressure for you to see him too. I hope you will not agree to this: at the most it should be the Foreign Secretary. Arafat cannot erase twenty years of support for and involvement in terrorism with one, probably ambivalent speech. Moreover, you will want to remind the Foreign Secretary of the need to have consideration all the time for the other side of the coin: being nice to the PLO will not get us far if we simultaneously lose Israel. We should also therefore be thinking of what initiatives we might take to keep alongside the Israelis, and convince them of the need to match the PLO's footwork. Has the time come when we should be considering inviting Shamir here for a talk? If not, it might come quite soon.

Modernisation of NATO'S SNF

The Foreign Secretary may want to say something about the way ahead on modernisation decisions and a possible NATO Summit, in the light of last week's NATO Ministerial Meeting. I think you will find he favours a softly-softly approach. Is this necessarily right? We only got the Germans over the finishing line on the INF decision by constant pressure and hounding. The same may be necessary this time.

C.D.P?

CDP

12 December, 1988.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which he wants to raise are:

- Palestine. He wants to talk about our attitude to the Palestinians. The EC agreed a statement yesterday which goes slightly but perceptibly further towards welcoming the decisions of the PNC than your own statement in Washington, although to be fair he had to fight off the French and Italians who wanted to go much further.

No
The FCO have floated in the press the suggestion that we shall now agree that senior ministers should meet the PLO. I think this would be a mistake. It would get us offside with the Israelis and the Americans, who are the two governments we most need to be able to influence. And anyway, the PLO have yet moved far enough to merit this accolade. They have still not fulfilled the criteria for a meeting which you set during your visit to Jordan in 1985.

- Environment initiatives. He wants to talk to you about Mr. Ridley's proposed conference on the environment and emphasise the importance of bringing along the French. This will probably involve being more positive than we would otherwise judge sensible towards the French proposal for a new environmental institution. The French proposal is actually batty, but we may be better able to restrain it by participating in meetings to discuss it than by giving it the cold shoulder altogether.
- Mr. Gorbachev's visit. He will want to talk to you about Gorbachev's visit and in particular the extent to which he will be involved in talks with Gorbachev. The clear steer from Zamyatin is that Gorbachev wants to preserve

the usual form of having talks with you alone, while other Ministers meet in parallel. My understanding is that you intend to see Gorbachev alone at Chequers on the morning of 14 Decmeber, bringing in other Ministers for a working lunch; and that the talks on the second morning in No. 10 should equally be between you and Mr. Gorbachev. We still await the Russians reaction to the programme proposals as a whole.

- Northern Ireland: devolution. He apparently wants to raise with you the way ahead on devolution. But this is a subject which needs to be discussed with the Northern Ireland Secretary present rather than just the Foreign Secretary alone.
- Public handling of foreign affairs. He apparently intends to raise the handling by the No. 10 Press Office of the question of a possible visit to Zambia and the advice the Government would give to The Queen on a visit to the Soviet Union. You will I am sure want to defend Bernard stoutly: he has been traduced by the press, who have built a pyramid of speculation upon some very limited comments. Bernard has done an outstanding job in the public presentation of your visits to Poland and Washington.
- Hong Kong. You wanted to raise with the Foreign Secretary the concerns being expressed to you from various quarters (no need to mention sources) about the situation in Hong Kong. There are complaints that too much attention is devoted to keeping the Chinese Government happy: that British interests, particularly commercial interests, are being neglected: that there is no strong British voice in Hong Kong: that we ought to establish a British Commissioner quite distinct from the Governor, who would become a sort of Consul-General-in-Waiting for the post-1997 period who would be responsible for pursuing purely British interests now. There are also concerns about the restrictive practices

on civil aviation which are not consistent with preserving Hong Kong's reputation as a centre of free enterprise and competition; and renewed worries about our refusal to offer Hong Kong Chinese prepared to invest in this country citizenship, as a result of which Canada and Australia are getting all the best ones. I have asked for a note on these points as a prelude to discussion with the Chancellor, Home Secretary and Trade and Industry Secretary. But - health warning - this will not be well received by the Foreign Secretary.

C.D.P.

C. D. POWELL

22 November 1988

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which he wants to raise are:

- His visit to Ireland

He was in Dublin yesterday and saw both the Taoiseach and Mr. Lenihan. He wants to report. We are working on the assumption that you will have your usual bilateral meeting with the Taoiseach in the margins of the European Council in Rhodes.

- Nigeria

He wants to tell you of his concerns about Nigeria where the economy is getting into ever worse trouble as oil prices fall further.

- Soviet Union

There are reasons to think we shall hear from the Russians in the course of this week about dates for Gorbachev's proposed visit. At the same time we face decisions on whether to expel a number of members of the Russian intelligence service in London. This is obviously very sensitive in relation to announcing dates for Mr. Gorbachev's visit. We will at least want to wait until dates are agreed and public. It would then be pretty difficult for him to cancel or postpone. But we shall want to avoid being caught in a cycle of expulsions once more.

- Commission Portfolios

He will wish to bring you up to date on his discussions with M. Delors about Commission portfolios. Apparently Delors was dubious whether he could simply transfer the internal market portfolio from Lord Cockfield to Leon

Brittan and was talking about the competition portfolio.
But it is still wide open.

- Your visit to Poland

He will probably want to hear your impressions of your visit to Poland.

- Hong Kong

You wanted to raise with the Foreign Secretary the concerns being expressed to you from various quarters (no need to mention sources) about the situation in Hong Kong. There are complaints that too much attention is devoted to keeping the Chinese Government happy: that British interests, particularly commercial interests, are being neglected: that there is no strong British voice in Hong Kong: that we ought to establish a British Commissioner quite distinct from the Governor, who would become a sort of Consul-General-in-waiting for the post-1997 period who would be responsible for pursuing purely British interests now. There are also concerns about the restrictive practices on civil aviation which are not consistent with preserving Hong Kong's reputation as a centre of free enterprise and competition; and renewed worries about our refusal to offer Hong Kong Chinese prepared to invest in this country citizenship, as a result of which Canada and Australia are getting all the best ones. You might ask for a note on these points as a prelude to discussion with the Chancellor, Home Secretary and Trade and Industry Secretary. But - health warning - this will not be well received by the Foreign Secretary.

C.D.P.
(C.D. POWELL)

8 November 1988

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C.D.P.

(C.D. POWER)

8 November 1988

DCAAOZ

PRIME MINISTERBILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. There are several points which you will want to cover.

Visit to Poland: Economic and Financial Policy

You wanted to talk to him about the line you should take in Poland on economic and financial help (FCO letter in folder). The recommendation is that the present situation in Poland does not justify substantial, politically motivated gestures of economic and financial support. Rather you should say that only when economic reform becomes a reality will Western confidence be restored and the way open for help. Once Poland is firmly on the right track, we would be prepared to play our part in discussion of debt relief and new credits. Until then, all we have to offer is some modest help with management training.

I think this is sound advice: money given to Poland now will simply be used to postpone the evil day when they have to grapple with reform. But it presents you with a difficult problem of presentation, since you will have virtually nothing to offer the Poles. The key will be to find a positive formulation about what we would be ready to offer if and when the Poles do carry through the necessary reforms.

Hong Kong

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European Community

He will want to tell you about the discussion among EC Foreign Ministers to prepare for the European Council in December.

East/West: Human Rights

We need a really thorough campaign to bind other countries in to setting firm criteria for a human rights conference in Moscow. Your warnings to other governments not to fall over themselves in the race to accept Soviet statements at face value are timely; and the announcement of increased defence spending in the autumn statement will be a good signal of our firmness. But we may have to be prepared for the Soviets to try a bit of blackmail over Gorbachev's visit here i.e. implying that you are out of line with others and this puts a possible visit in jeopardy.

South Africa

Chancellor Kohl has proposed that Teltschik comes over here on 7 November to finalise the proposed speaking note for use by Leutwiler with President Botha.

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South Africa

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Spain

He will want to tell you about The Queen's visit to Spain. You will want to urge greater efforts with Bossano to get the Gibraltarians to accept the Airport Agreement. Should you see him yourself? There may also be developments on Spanish pensions.

Soviet Embassy

I understand the Foreign Secretary may mention to you tomorrow that the Security Service will shortly be recommending the expulsion of twelve members of the Soviet Embassy for unacceptable activities. I do not yet have full details. But this will present problems if we are on the verge of getting a firm proposal from the Russians for a visit of Mr. Gorbachev. We shall need to think carefully about the timing of any action.

C.D.P.

CHARLES POWELL
25 October 1988

EL3DBS

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, the first since the summer break. He disappears shortly for a visit to Africa and then the United Nations General Assembly.

I am not sure precisely what points he wishes to raise, but they probably include:

Iran/Iraq

The negotiations in Geneva are sticky and obviously going to last a long time. The most important task will be to keep the five Permanent Members of the Security Council together behind the Secretary-General. You have agreed that we should take the initiative in proposing a European effort to sweep mines. You have also approved the general strategy for our relations with Iran. We have to steer between moving too fast and thereby upsetting the Arabs, and not missing out altogether on the commercial opportunities.

Arab-Israel

It was clear from your talks with King Hussein that we are in for a long haul on Arab-Israel, and there is not a great deal to be done. You will need to encourage the new US President to make it a priority: but if Shamir is re-elected in Israel, the prospects are not bright.

South Africa

The developments over Angola/Namibia are significant and we should encourage the South Africans. Mandela's move to a private clinic could be the harbinger of his release. Otherwise the internal picture remains unpromising. We owe Chancellor Kohl a reply on the question of a joint envoy/message to President Botha. (I need to talk to

Teltschik but have not had time.)

United States

Vice-President Bush is doing well now. In all our dealings - and Europe's dealings - with the US over the next two months, we need to keep a close eye on the implications for Bush's election prospects.

Oman

You had a good talk with the Sultan, but it appears that he still has worries about relations lower down the line. Do we really have the right Ambassador?

Cambodia/Vietnam

During your visit to Thailand, you proposed that the Five Permanent Members of the Security Council should turn their attention to the Cambodia problem. You would like to see some follow-up by the FCO.

Cyprus

The talks between Vassiliou and Denktash are launched, but the difficult bits are still to come. Some very careful thought will need to be given to briefing for your next meeting with Vassiliou.

Poland

The immediate crisis appears to be over. Plans for your visit are going well, with the Poles now accepting that you should go to Gdansk and meet Walesa there. Some careful thought needs to be given to your speech in Poland.

Europe

Your speech at Bruges is intended to set out our broad

approach to the Community. The Foreign Secretary will be letting you have some comments: he is concerned that the present version is too forceful in its rejection of a United States of Europe.

Lord Cockfield

He wants to consult you about a further honour for Lord Cockfield to mark his retirement from the Commission. He is likely to suggest a CH.

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Charles Powell

6 September 1988

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a final bilateral with the Foreign Secretary tomorrow before the summer break. Points which he wants to raise are:

- Your visit to Australia
He wants to mention a new Australian proposal - details elsewhere in your box - on South Africa.
- Iran/Iraq
He wants to discuss developments over the cease-fire.
- Gibraltar Inquest
He will bring you up to date.
- Middle East
King Hussein has received your message but said that he cannot postpone his decisions on the West Bank. They will start to become public on Thursday.
- Honours
He wants to mention the question of honours for M. Noel (Secretary-General of the EC Commission before David Williamson) and General Rogers (formerly SACEUR).
- South Africa
We shall need to get a message off to President Botha after your meeting with Chief Buthelezi tomorrow.

COP
CHARLES POWELL
26 July 1988

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

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ACT 2000

You have a bilateral with the Foreign Secretary tomorrow afternoon. He would like to raise the following points.

South Africa

You have agreed to send a message to President Botha before the end of the month and following your meeting with Chief Buthelezi next week. He wants to discuss the general drift of this. I think the message will have to express impatience with the failure to make any visible progress on political reform, and point to the difficulties this will cause with a new US Administration. Your ability to influence them will depend on having something to show. It might also warn of the disproportionate damage being done to South Africa's image by the draft law on contributions to voluntary organisations. You will want to mention Mandela, and encourage progress on Angola.

Iran/Iraq

You will want to discuss the situation following Iran's acceptance of a cease-fire, in particular how we can persuade Iraq to exercise restraint: whether we should volunteer any help with the UN observer force: any implications for the hostages: and what it means in terms of our relations with Iran. I think that, if a cease-fire does come into effect, it only strengthens the case for you to stop in Dubai on the way back from Australia and visit the Armilla Patrol.

House of Fraser

He wants to bring you up to date on the inquiry into House of Fraser. I understand that the report is just about complete and that it is likely to be referred to the Director of Public Prosecutions. This will mean a further delay before anything is published.

C.D.P.

(C. D. POWELL)

19 July 1988

CONFIDENTIAL

CONFIDENTIAL

PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

You have a bilateral with the Foreign Secretary tomorrow afternoon. The subjects which he wishes to raise are:

Conservative Party representation at the Democratic National Convention

Apparently a large number of Government MPs are attending the Republican Convention but virtually none the Democratic Convention. This has already been noticed and become the subject of comment. He is likely to want to enlist your support for persuading some senior Government backbenchers to go to the Democratic Convention.

Shooting down of Iranian aircraft in the Gulf

He wants to bring you up to date on action in the UN Security Council. You will recall President Reagan sent you a message about this.

South Africa

I have briefed him of your conversation with Chancellor Kohl. He wants to discuss the question of a possible emissary or joint message from you and Kohl to President Botha.

Soviet prisoners in Afghanistan

He wants to discuss with you Gorbachev's request for help in securing the release of Soviet prisoners of war. His inclination like yours is to try to help.

Gorbachev in Warsaw

Gorbachev's proposals for a European summit on conventional arms control seems to have fallen fairly flat, which is all to the good.

CONFIDENTIAL

Colonel North's trial

The Americans are planning to release certain documents in which Colonel North recommends that attempts be made to persuade the United Kingdom to supply Blowpipe to the Contras.

In any public comment we should stick firmly to the line that we did not agree to the supply of Blowpipe and it was not supplied.

Argentine Falklands

Secretary Shultz is going to Argentina in early August and has asked if he can convey some sort of message from us. The Foreign Secretary wants to tell you the way his mind is moving.

C.D.P.

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FREEDOM OF INFORMATION
ACT 2000

(C. D. POWELL)

12 July 1988

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects he wants to raise are:

EC Commissioners: my latest letter is in the folder. He may try to re-open both the timing of an approach to Lord Cockfield and the question who should replace Mr. Clinton Davis. The most important task is for the Foreign Secretary himself to extract a reply from Leon Brittan.

House of Fraser: Sir William Harding will return tonight from his mission to Brunei. The Foreign Secretary will want to give you an account of what transpired.

Gibraltar Inquest: the Preliminary hearing is next week. He will want to bring you up to date on intentions.

Iran Hostages: The FCO have debriefed the MPs who visited Tehran. He may want to summarise their impressions.

Gibraltar pensions: we are running into a massive and potentially expensive problem on the cost of back pensions for Spanish workers in Gibraltar. He will want to tell you how he proposes to tackle this.

CDP

CHARLES POWELL

28 June 1988

PRIME MINISTERBILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. Subjects which you ought to cover are:

- EC Commissioner

You will want to give him an account of your talk with Leon Brittan and consider next steps.

- Sowan Affair

The trial is still going on and has so far attracted remarkably little public attention. Depending on the outcome, and the amount of attention it attracts, we shall need to decide fairly rapidly whether to take action against the PLO Office and the Israeli Embassy here. If it is possible to avoid any action, there is quite a lot to be said for doing so, given the presence here of Crown Prince Abdullah and King Hussein. But if the evidence is sufficiently damning it would not be right to refrain from action on grounds of expediency. We can only decide when we have seen the verdict and assessed the impact.

- Financial and Monetary Co-operation

He will have seen my account of your talks with President Mitterrand and M. Rocard. The issue is being refined down to two questions: should a study of financial and monetary co-operation be limited to short-term practical issues or address such long-term and futuristic ideas as a European Central Bank? And should it be conducted by Finance Ministers/Central Bank Governors or also by some wider group of wise men? We have a very good chance of getting our way on both points.

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- Arms for Argentina

I understand he may want to raise this. I am not entirely clear why. But I think he is debating whether we are better off concentrating on persuading the present US Administration to continue to exercise restraint of arms sales, with uncertainty about what would happen thereafter or whether we should concede some flexibility now in return for assurances about the longer term. It does not seem to me a very real choice since we would have no effective assurance about what happens after November.

- House of Fraser

The Foreign Secretary wants to discuss how we can best prepare Brunei for the outcome of the House of Fraser Inquiry. He will propose sending an emissary later this month.

- Iran. He wants to report on the recent negotiations.

- Extradition. There is not much to say. It has not improved the atmosphere for your meeting with Haughey in Hanover.

- Malaysian Defence Package. I have said that you would like him to try to come up with a solution. He is likely to say that this will need your support to get more money out of the Treasury for ATP.

- Communications Equipment for Syria. You will remember there is a sensitive decision to be taken. The FCO are supposed to be drafting the public line we would take if we decide to sell.

CD.P

Charles Powell

14 June 1988

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. He is in New York today attending the United Nations Special Session on Disarmament so I have not been able to consult him on the subjects which he wants to raise. But I think they are likely to include the following:

- EC Commissioner. He will want to remind you that you said you would speak to Leon Brittain who is coming to the dinner for the Tanzanians on Thursday.

- Sowan Affair. The Foreign Office are anxious about the revelations which are going to come out at the Sowan trial which starts today, both about the PLO activities in this country and those of the Israeli intelligence service. They are likely to recommend, in the light of the outcome of the trial, some expulsions both from the PLO office here and from the Israeli Embassy. The latter would be quite a considerable step. The Israelis have been on to David Wolfson to claim that people hostile to them in the Foreign Office and the Security Service are using this whole matter to imply that they were directly involved in supporting acts of terrorism by Palestinians in the United Kingdom. We shall need to look very carefully at what evidence adjured at the trial shows. Meanwhile, we are entitled to ask why on earth our own people have allowed identified members of the PLO's Force 17 to operate here for several years (and one still appears to be doing so).

- Communications equipment for Syria. There is a difficult decision to be taken here. I have asked the Foreign Office to set out the line we would take in public if we were to agree to the sale and it

became known, so that you can test the quality of our defence before reaching a decision.

- Financial and Monetary Co-operation. You will want to discuss how you should handle this subject in your talks with President Mitterrand on Friday. We do not want to let the French off the hook on free movement of capital: equally we do not want to get stuck with the study of the fairly barmy idea of a European Central Bank. Are we prepared to settle for a procedural solution on a study of the European Central Bank, in the hope that such a study will bring out all the difficulties and effectively bury the idea? Or is it something we need to choke at birth, even if that means we do not get the movement on some of the internal market issues which we are hoping to achieve at Hanover? You might also suggest that you discuss these issues with Kohl in the margins of the Economic Summit.
- Iran. You might ask him why the Foreign Office chose this moment to have negotiations with the Iranians on compensation for damage at our respective embassies.
- Arms for Argentina. I understand he may want to raise this. I am not entirely clear why. But I think he is debating whether we are better off concentrating on persuading the present US Administration to continue to exercise restraint of arms sales, with uncertainty about what would happen thereafter or whether we should concede some flexibility now in return for assurances about the longer term. It does not seem to me a very real choice since we would have no effective assurance about what happens after November.

C.

- House of Fraser. The Foreign Secretary wants to discuss how we can best prepare Brunei for the outcome of the House of Fraser Inquiry. He will propose sending an emissary later this month.

C.D.I

C. D. POWELL

7 June 1988

SLHAXC

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ACT 2000

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a talk with the Foreign Secretary tomorrow evening.
I know that he wants to raise two subjects:

The Gibraltar Inquest

He continues to suffer great angst about this. But the unfortunate slip over announcement of the postponement of the inquest does not, in fact, seem to have made much of a story here. There are still a number of other pitfalls. The Chief Justice of Gibraltar is trying to persuade the Coroner to withdraw and to allow a senior Judge to hold the inquest, but the Coroner is proving resistant. We obviously cannot and must not have any direct role in this.

Hong Kong

The Foreign Secretary is going to Hong Kong on Thursday and wants to tell you how he will handle his visit.

For your part, you may like to tell him about today's discussion of Airbus and see how he feels about the political costs of withdrawal from the A330/340 project. You might also have a brief word about events in Hungary and the prospects for the US/Soviet Summit. You have of course sent messages to both President Reagan and Mr. Gorbachev and we feel fairly secure that there will be no surprises.

One final point which may need a discussion is relations with Ireland. As you will see in the telegrams, our Ambassador in Dublin had a very forthright session with Mr. Haughey (spurred on by your talk with him). We have now "hit" Haughey hard from three directions: your letter, Tom King's session with him and now the Ambassador's talk. The question is whether we

now start suggesting a meeting in the margins of the European Council in Hanover or simply let him stew. There is something to be said for Pavlovian treatment, i.e. showing a bit of kindness and suggesting a meeting. This may discourage him from overreacting to the pressure we are putting on him. But the risk is that it gives him an excuse not to reply in writing to your letter.

e.d.

Charles Powell

24 May 1988

PRIME MINISTER

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BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. He does not have very much to raise but is nonetheless anxious to go ahead with it.

The specific points he wishes to bring up are:

- Governor of Bermuda. You saw the papers last night and agreed to see Premier Swan of Bermuda in order to convince him that General Langley is the right choice.

Other points which you might like to touch on are:

- OECD Ministerial Meeting. He will have been at the OECD Ministerial meeting and may have some points to report which could be relevant to the Summit, particularly in relation to the GATT negotiations. You may like to quiz him whether any communique language was agreed on exchange rate stability.
- Message to Mr. Gorbachev. You probably ought to send a message to Mr. Gorbachev before the Summit. I understand from my contacts with the Soviet Ambassador that he is expecting one. You have seen a draft (but not yet the Foreign Office one) which gives some indication of the issues which might be covered.
- Possible visit to the United States in the autumn. You may like to mention the indications we have received that the President will invite you to pay a visit to Washington in October/November. I think you would have

PRIME MINISTER

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- Possible visit to the United States in the autumn. You may like to mention the indications we have received that the President will invite you to pay a visit to Washington in October/November. I think you would have

to make clear that you would want to see both Vice-President Bush and Mr. Dukakis if you went on such a visit.

- Meeting with President Mitterrand. We should try and make something of this and exploit the advantage you have already gained by your telephone call and rapid agreement to a meeting. One possibility would be for the two of you to instruct your Ministers, military staffs and officials to study possible steps in Anglo-French defence cooperation, in the context of strengthening the collective defence of Europe as a whole.

C.D.P.

CHARLES POWELL

18 May 1988

VC3AZD

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

I have not been able to ask the Foreign Secretary what points he wants to raise, since he is in Sweden until tomorrow. But the following subjects suggest themselves:

- ✓ Outcome of the elections in France. You have struck a shrewd blow by telephoning President Mitterrand and offering an early meeting. We are discussing 10 June as a possibility. Rocard's appointment as Prime Minister is also helpful from our point of view.
- ✓ Gibraltar Inquest. I expect the Foreign Secretary will want to bring you up to date on preparations for the inquest in Gibraltar.
- Sweden. You are seeing the Swedish Prime Minister next week. The Foreign Secretary will probably wish to tell you a bit about his own visit to Sweden and Mr. Carlsson's preoccupations.
- ✓ EEC Commissioner. You may like to mention that you have decided against seeing Leon Brittan at this stage because you do not want to provoke talk of a by-election.
- Arms Control. The difficulties which have cropped up over ratification of the INF Treaty are worrying but can probably be resolved by Shultz and Shevardnadze, who are meeting in Geneva tomorrow and Thursday.
- Thyssen. The Foreign Office concern is with the effect on relations with Spain if we succeed in getting our offer accepted. There is no reason why this should be our dominant consideration.

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CONFIDENTIAL

- 2 -

- Japan. You will be getting a draft message to Takeshita tomorrow following up his talks with you. The Japanese press have been attempting to play down his personal commitment to you to help resolve outstanding issues. You will need to keep up the pressure.

- Angola. You will see from the telegrams that President Chissano is anxious that you should make some personal intervention to promote progress in the Angola/US/Cuba/South Africa talks. You should probably send him a message.

C.D.P.

C. D. POWELL

10 May 1988

SLHAWG

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow immediately after your meeting with Mr. Takeshita.

The points which he would like to cover are:

- European Community: British Commissioner

He has spoken to Leon Brittan, and hopes to have a reaction by tomorrow. Meanwhile, I should report that Michael Butler has been in touch with me, having read in the Press that he might be a candidate. He is certainly not volunteering, and is too well placed at present really to want to go, although I would not exclude that he would do so if called upon in the national interest. His own very strong view is that you should appoint Robin Renwick who could serve for up to eight or ten years, and do a consistent and first-rate job for the UK. I said that I would report this.

- Angola-Namibia Conference

The Foreign Secretary will bring you up to date with this Conference and likely results. He will be seeing all four delegations later in the week.

- Economic Summit

He wants to raise the question of possible themes for informal discussion at the Summit. You saw a note by Nigel Wicks over the weekend. You suggested that we might take an initiative on strengthening the GATT and making it more effective. You favoured focussing informal discussion on how to contain the escalating costs of provision of social services or on greater cooperation over terrorism and hijacks.

- The Gulf

He wants to discuss the implications of the American decisions to extend opportunity assistance to neutral-flag

CONFIDENTIAL

- 2 -

ships, and to alter their rules of engagement to allow action against Iranian ships suspected of mine laying. I do not see that we need object to the first, although we are unlikely to be able to follow suit because we simply do not have sufficient ships. We shall need the views of the Chiefs of Staff on whether the second point requires us to look at the rules of engagement again.

- Poland

There are evident risks in the present situation in Poland and the simmering troubles elsewhere in Eastern Europe. One has the feeling we are entering a rather dangerous period.

CDP

CDP

3 May, 1988.

JD3BJH

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

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OF THE PUBLIC RECORDS ACT

You have a bilateral with the Foreign Secretary tomorrow. The following are the points which he is likely to raise:-

- (i) Hijacking. He will want to give you an account of various discussions he had with other European countries in Brussels yesterday and the steps we are taking in ICAO. There was little enthusiasm among our European partners for any more action.
- (ii) Anglo/Irish relations. You will find in your box a draft message to the Taoiseach. Depending on how far you are content with this, it may be necessary to discuss the draft with the Foreign Secretary tomorrow. You should be aware that the press are contrasting your firm tone on Northern Ireland in the House this afternoon with the Foreign Secretary's more emollient speech at the weekend and are likely to write Thatcher v. Howe stories rather than Thatcher v. Haughey ones.
- (iii) Takeshita visit. He wants to raise this. I suspect the main purpose will be to stress the need to give a political dimension to the visit and not focus it exclusively on trade grievances.
- (iv) Gibraltar/PIRA. As you know "This Week" are proposing to do a programme on the shooting of the Irish terrorists in Gibraltar, alleging that it was a public execution. The Foreign Secretary has been in touch with Lord Thomson to try to dissuade him from allowing the programme to go forward, not least on the grounds that it will prejudice the inquest in Gibraltar.

- (v) The Gulf. He may refer to the suggestion in President Reagan's message for closer co-operation between western naval forces in the Gulf, which seem unexceptionable. There are reports from Washington that the Americans are intending to extend protection to neutral flag shipping when such ships are attacked in the vicinity of American warships. We shall need to consider the implications of this for the Armilla patrol.
- (vi) Governor of Bermuda. He will tell you that he has decided to appoint General Sir Desmond Langley, without great enthusiasm, because he cannot find anybody else.
- (vii) Mr Tam Dalyell. He is anxious to raise remarks made by Mr Dalyell in the Adjournment Debate on Friday about the Prime Minister's Private Office. You will find a note in the folder about this.
- (viii) PLO. I have passed your views to the Foreign Secretary and I do not think that the Foreign Secretary will contest your decision. It might be better not to raise the subject, but the papers are in the folder just in case.

(ix) South Africa. He still wants
 C.D.P. to go ahead with his
 proposed speech, which he says
 will be about (letter in folder).

Charles Powell

26 April 1988

SECRET

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. Points you may want to cover are.

- (i) Hijacking. There seems no evidence that the Kuwaitis made concessions on the Dawa 17, but stood firm. You ought to send a message to the Amir.

We also need to follow up on several aspects:

- possible collective action against Algeria under the terms of the Bonn Declaration;
 - steps to improve airport security;
 - an international code of conduct to deal with hijacking incidents;
 - greater self-control on the part of the media.
- (ii) The Gulf. The Iranians have received considerable setbacks by losing Faw, from the American retaliatory strikes in the Gulf and in South Lebanon (where they have been seen off by Amal). This is likely to make them more dangerous and unpredictable. We can expect further kidnappings or terrorist incidents, or an attack on a Gulf state. It would be a good moment for the Security Council to press ahead with a follow-up resolution to 598.
- (iii) Murder of Abu Jihad. The Foreign Secretary wants to raise this. Whatever we think of it, there is widespread satisfaction in Israel. But it

SECRET

wasn't very wise and some retaliation is inevitable.

You will want to mention your concern that the Americans may revive their idea of a US/Soviet umbrella for Arab-Israel peace negotiations.

- (iv) Arms Control. You will want to ask how he sees prospects for the forthcoming NDG meeting and for progress on modernisation.

You might also ask about progress with producing a NATO position on conventional arms reductions.

- (v) Anglo-German Summit. Chancellor Kohl's office tell me that he would much prefer a private meeting with you at Chequers to a full-scale Summit. He has proposed 9 July.

- (vi) EC:British Commissioner. There is altogether too much gossip going on. You don't envisage taking a decision until the early autumn, in case your calculations are affected by a reshuffle. You are inclined to replace both our Commissioners.

ed?

Charles Powell

20 April 1988

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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. There are a number of points which might be dealt with briefly:

- Hijacking. I have minuted out that you want urgent consideration given to how we can prevent media speculation in future hijacking/terrorist operations. I have said that you would also like to see a study of lessons to be learnt from the recent hijacking incident.
- Governor of the Falkland Islands. You wanted to know more about the candidate to become Governor of the Falkland Islands (Mr Fullerton). The Foreign Office will be writing about this and we can arrange for you to meet him. He is very keen on the job and has experience in remote and difficult posts: he was, for example, a successful and popular Ambassador in Mogadishu. He is currently serving in the Ministry of Defence and therefore has good experience of dealing with the military.
- Afghanistan. The agreements are being signed in Geneva tomorrow which will enable Soviet withdrawal to begin. There is a basic ambiguity in them which may cause trouble. The Pakistan Government is committed to preventing outside intervention in Afghanistan and the United States guarantee this aspect of the agreement. At the same time the United States reserve the right to continue to supply weapons to the Resistance through Pakistan if the Russians go on supplying the Afghan regime.
- Gibraltar. The Foreign Secretary will have met the new Gibraltar Prime Minister, Mr Bossano, and will

want to tell you about him. He is likely to complicate our efforts to sterilise the Gibraltar problem in our relations with Spain.

- Visit to Turkey. You may like to give the Foreign Secretary your impressions from your visit to Turkey. We are following up the point about the Bosphorus Bridge/Istanbul Express Way contract and hope to let you have a reply to the Mayor of Istanbul by Friday.
- South East Asia. The Foreign Secretary will want to tell you about his own visit to South East Asia. He came under considerable pressure from Brunei on the House of Fraser investigation. There is a real risk that this could seriously complicate our relations with Brunei.
- Visit to Australia. You may like to discuss with him the question of where you should stop on your way to and from Australia. It is agreed that you should stop in the Gulf and Singapore. The open question is whether you should go to Fiji. The Foreign Secretary is opposed to this. It must depend quite a bit on what sort of draft constitution the Fijians produce in the meantime. If you do not go to Fiji the choice is visiting both India and Pakistan; or avoiding both of them and visiting say Thailand and Nepal.
- South Africa. The Foreign Secretary is apparently planning a major speech on South Africa shortly. It will obviously be important that it is cleared with you.

C.D.P

Cyprus. read H.C.

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ACT 2000

Charles Powell

13 April 1988



file

bcpc

SUBJECT

CC MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

17 March 1988

PRIME MINISTER'S BILATERAL WITH THE FOREIGN SECRETARY

I have recorded separately the Prime Minister's discussion with the Foreign Secretary this evening on Southern Africa and on onward State Visits. You may like in addition to have a brief checklist of other points covered.

Arab/Israel

The Prime Minister said she had the impression that the Americans had let Shamir off lightly. She thought it regrettable that they had urged us to press King Hussein to make concessions and had then failed themselves to exert adequate pressure on Shamir.

Minesweeping operations in the Gulf

The Foreign Secretary referred to the note which would be coming to the Prime Minister about the renewed Dutch interest in an integrated force under permanent United Kingdom command. The Prime Minister said that she would consider this.

Anglo-German relations

The Foreign Secretary said that we needed to give thought to our handling of relations with the Federal Republic in the wake of the rather difficult encounters at the European Council and the NATO Summit. We should need to set a date in due course for a further Anglo-German Summit, possibly in the early autumn. He would return to this point.

Commission of the European Communities

The Prime Minister indicated that she would like to discuss soon the question of a possible successor to M. Delors as President of the Commission and the choice of British Commissioners.

Hong Kong Defence Costs

The Foreign Secretary said that he thought the Prime Minister's decision that the shortfall which would have to be made up by HMG under the proposed Hong Kong Defence Cost Agreement should be financed by the MOD and FCO jointly was

not justified. There had never been any question of the FCO contributing to the cost of this Agreement and there was no provision in its programme to do so. The Prime Minister said that she was not prepared to tell the MOD to meet the full costs and there seemed to be insuperable reasons to waive the VAT charges. Her instruction had been that the MOD and FCO should meet the shortfall in equal proportions. However the Foreign Secretary was at liberty to discuss alternative arrangements with the MOD and Treasury.

Prime Minister's visit to Turkey

The Foreign Secretary argued the case for a senior FCO official to accompany the Prime Minister on her visit to Turkey. The Prime Minister said that she was very reluctant to increase the size of her party on foreign visits or to do anything which detracted from the leading role of the local Embassy in them. The matter was left open.

CHARLES POWELL

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

SECRET

cc: Blair

6

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

Points which should come up are:

(i) Contacts with the ANC and UNITA

The Foreign Secretary will press you hard to agree that Mrs. Chalker should meet the ANC in Lusaka next month. He will argue that she cannot visit Zambia without meeting the ANC: that failure to see them will be interpreted as a step back in our policy: and that particularly against the background of recent discouraging developments in South Africa and the (likely) execution of the Sharpeville Six, a meeting would be a useful signal both to the South African government and to world opinion. He will continue to argue against any Ministerial contact with UNITA and for continuance of our present policy on Angola.

I have to say that I think you are being 'tested' on the ANC. In a way it is a re-run of the FCO argument on sanctions: we have to go along, otherwise international opinion won't like us. The only message which contact with the ANC will send South Africa at this juncture is one that even we should now be disregarded. Your influence with them will be eroded, and with it our capacity to play a helpful role over Angola. If Mrs. Chalker cannot then go to Zambia, so be it: I do not see a visit as vital.

As regards UNITA, I doubt that you will budge the Foreign Secretary at this stage (especially if you are veto-ing contact with the ANC). But you will want to make clear that in your view we are being sidelined from playing a useful role over Angola. You will also want to point him towards trying to develop a joint approach between the UK, Germany and Portugal as the three countries with influence on South Africa.

The earlier papers are in the folder.

SECRET

(ii) Inward State visits

The FCO are still agitating for three a year. You will want to make clear that you think two quite enough and want to drop the November one (which is always the most inconvenient). If he argues that The Queen could live with three, the answer is that she could equally live with two. However, there is no reason to object to more guest of government visits (which are less time-consuming for you). There is a note in the folder.

(iii) Relations with Chancellor Kohl

We need to do some repair work on relations with Chancellor Kohl and the Germans more generally. You will want to discuss with the Foreign Secretary how to go about this. It needs action at several levels, and will probably require in due course a bilateral between you and Kohl. We might start with a session between me and Teltschik.

(iv) IRA/Gibraltar

The Foreign Secretary will want to bring you up to date on co-ordination of follow-up to the Gibraltar shootings, in particular preparations for the inquest.

C.D.P.

(C. D. POWELL)

16 March 1988

PRIME MINISTER

BILATERAL WITH FOREIGN SECRETARY

Subjects which need to be covered are:

- (i) Inward State Visits. The FCO are still agitating for three a year. You will want to make clear that you think two quite enough and want to drop the November one (which is always the most inconvenient). If he argues that The Queen could live with three, the answer is that she could equally live with two. However, there is no reason to object to more guest of government visits (which are less time-consuming for you). There is a note in the folder.
- (ii) Visit to Morocco. The FCO think the Spaniards would be miffed if you decided to visit Morocco right after your visit to Spain. I have discussed this with our Ambassador in Madrid who is confident that he can explain it to the Spaniards, provided that we give them plenty of advance notice (you are of course visiting Luxembourg on the way to Spain). We need to speak to the Moroccans quite soon, in order to propose dates.
- (iii) Relations with Chancellor Kohl. We need to do some repair work on relations with Chancellor Kohl and the Germans more generally. You will want to discuss with the Foreign Secretary how to go about this. It needs action at several levels, and will probably require in due course a bilateral between you and Kohl. We might start with a session between me and Teltschik.

- (iv) Arab/Israel. You have seen the telegrams. The Americans are pressing Shamir for an answer when he comes to Washington next week. Shamir will try to procrastinate. The result may be early elections. It remains very important to ensure that King Hussein is not the one who says no.
- (v) Iran/Iraq. The war of the cities continues. The Iranians clearly believe that the Soviet Union has supplied Iraq with SS-12 missiles and are beginning to retaliate against them in the commercial sphere. This is helpful.
- (vi) Panama. The Panamanian Ambassador was interviewed this afternoon and claimed some discrepancies in the police account of what happened. These are being carefully checked before a decision is reached whether to make some expulsions. There can surely be no doubt that those directly responsible ought to be removed. *The Foreign Secretary is worried that it will look as though we are just following the Americans. (I don't see why)*
- (vii) Iraq/Gibraltar. The next step will be the inquest. The search for the explosives continues. We shall want to resist an inquiry strongly.
- (viii) South Africa. President Botha is seeing Mr Renwick this afternoon and there will be a report by tomorrow.
- (ix) Governor of Bermuda. The Foreign Office have now whittled the choice down to two military candidates one of whom is General Langley whom you suggested. The other is General Thorne.

CSP

Charles Powell

8 March 1988

FOR POLICY: PM meetings with
Foreign Sec pt 2

CONFIDENTIAL

(iv) Arab/Israeli. You have seen the telegrams. The Americans are pressing Shmitt for an answer when he comes to Washington next week. Shmitt will try to procrastinate. The topic may be early elections. It remains very important to ensure that King Hussein is not the one who says no.

(v) Iranian. The war of the cities continues. The Iranians clearly believe that the Soviet Union has supplied Iraq with SS-11 missiles and are beginning to retaliate against them in the commercial sphere. This is helpful.

(vi) Guinea. The Panamanian Ambassador was interviewed this afternoon and claimed some discrepancies in the police account of what happened. These are being carefully checked before a decision is reached whether to make some expulsions. There can surely be no doubt that those directly responsible ought to be removed. The Foreign Secretary is in a difficult position with regard to this matter. The next step will be the report.

(1) This is a matter of internal security. The Foreign Secretary is in a difficult position with regard to this matter.

(vii) South Africa. President Botha is seeing Mr Henwick this afternoon and there will be a report by tomorrow.

(ix) Governor of Bermuda. The Foreign Office have now whittled the choice down to two military candidates one of whom is General Lansley whom you suggested. The other is General Thomas.

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CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

Points to be covered are:

(i) Foreign Affairs Council

He may wish to report how today's discussion went (the French do not seem to have made any trouble).

(ii) NATO Summit

He will report how negotiations on the text of the draft Declaration are going. On the face of it, the Americans seem to have settled with the Germans during Kohl's visit on language which will give the Germans scope to delay decisions on modernisation of nuclear weapons. There is a risk that the weaker brethren will want to dilute the language further still.

The Foreign Secretary may also mention the extent to which burden-sharing is likely to be a growing theme for the Americans irrespective of who wins the Election.

(iii) Relations with the Soviet Union

You will want to tell him in confidence of the approach we have had from the Soviet Ambassador and your intention to see him.

(iv) Afghanistan

The Foreign Secretary has written to follow up on your discussion of Afghanistan last week.

CONFIDENTIAL

(v) Waldheim

You are worried that no-one seems to have a firm grip on this. It is being handled by the Foreign and Commonwealth Office and the Ministry of Defence but risks falling between the two. The inquiry itself is in MoD hands, where it is being conducted by the Head of the Army Historical Branch with the assistance of two part-time clerks. I have told both Private Offices that you expect a Minister to be nominated to take control of this issue with appropriate official support. You may like to confirm this to the Foreign Secretary.

(vi) Visit to Morocco

He may try to argue that you should not tag a visit to Morocco on to your visit to Spain, on the grounds that it may devalue the latter in the eyes of your Spanish hosts.

I do not think this is a valid argument, and anyway it is the only time you can go until well into 1989. The Foreign Secretary may suggest that you tag it on to an eventual visit to the Front Line States. But Mr Kinnock has now announced that he is going to the Front Line States next year, which may disincline you to do so (unless you get in first).

C D P

C D POWELL

22 February 1988

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon.

(i) Foreign Secretary's Visit to the Soviet Union
This will be the main subject he wants to discuss. You will have seen the telegrams reporting his meetings with Mr. Gorbachev and Mr. Shevardnadze. It seems to have been a workmanlike visit, with no surprises. Indeed, Gorbachev was very true to form, pocketing our support for his internal policies, and attacking us for criticising his external policies. He was tetchy on human rights. He still clearly attaches great importance to his personal relationship with you. He has renewed his commitment to visit the UK, but has not set a date.

The other noticeable aspect is how it is the Soviet side who are always advancing proposals and/or criticisms of us, while we seem to be on the defensive.

(ii) Afghanistan.
I have minuted you separately on this. You take the view that we should not try to sustain the link between Soviet withdrawal and creation of an interim government, although we should make sure that we do not get into a situation where we suspend our aid to the Resistance while the Russians go on aiding the regime. You will want to register your views with the Foreign Secretary.

(iii) European Council
The outcome was received quite well by the Press, and you had no trouble in the House. Teddy Taylor is clearly gathering his forces, and will harry the Government over the next few months, as the legal instruments are being drawn up. The odds must be that the French will allow themselves to be overruled

at the Foreign Affairs Council on 22 February. Indeed that is now clear from the telegrams. But the Foreign Secretary will need to watch very carefully to make sure there is no behind-the-scenes deal between the French and Germans.

(iv) NATO

You will want to give him your impression from your visit to NATO and SHAPE. In general you were not very impressed with either of them as an organisation. You are also quite worried about the prospects for the Summit. General Galvin left you in no doubt that he wants clear instructions from the Summit on modernisation (or whatever one has to call it) of NATO's nuclear forces and on conventional arms control. But the Germans are evidently being difficult; and there is a risk that the smaller members like Denmark, Greece, Norway will not subscribe to a strong statement on deterrence and modernisation. A quarrelsome meeting would be the worst possible outcome. We need a really effective lobbying campaign before the Council in favour of a strong Declaration which must be agreed in advance. There may be a case for messages from you (and for me to go to see Teltschik).

(v) Southern Africa

You will be seeing the South African Ambassador on Friday to receive President Botha's reply to your recent message. You may also want to let the Foreign Secretary know that you are still not satisfied about the position over UNITA, and also to pursue the question of raising the level of our contacts with them.

C.D.?

CDP

17 February, 1988.

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which should be covered are:

(i) European Council

You will want to discuss the prospects. There is no doubt that you have wide public and parliamentary support here for holding a firm line. Your problems will arise only if we make concessions. The imminence of the French elections must make it unlikely that the French will be ready to compromise sufficiently to meet our needs. But there are several issues on which we have quite wide support and it ought to be possible to avoid ending up with the UK alone in the dock (although it does not matter much if we do).

Nonetheless, you will want to consider with the Foreign Secretary the points on which we should stand firm and those where we might show some flexibility. The points on which we should stand firm (in order of importance/cost to us) are:

- the Fontainebleau abatement
- the 27 bn écu guideline and 60% slope (although we might consider the Dutch idea of a one-off 27.5 bn in 1988)
- cumulative price reductions for cereals within a ceiling higher than 3%
- lower MGQs for rape-seed
- remove discrimination in cereals co-responsibility levy
- limiting the growth of the structural funds and reduction in UK share
- keeping down the increase in own resources to 1.15% GNP (with our abatement excluded).

You will also want to consider the handling with Ministerial colleagues. The Foreign Secretary should set out the negotiating position to Cabinet on Wednesday morning. But I doubt another paper is needed: there was a paper and a full

CONFIDENTIAL

discussion in December. Your summing up noted that you would take a firm stand on control of agricultural expenditure, but that an increase in own resources would probably be required going beyond 1.6% VAT, which might mean an increase in our net contribution to the tune of £150 million. The position has not altered substantially since then.

(ii) Middle East

You are briefed on the new American initiative. The Foreign Secretary will be able to give an account of his discussion in Brussels with King Hussein. You might say that you would like to see a very early assessment of the American proposals and whether they offer real scope for progress.

(iii) Angola

You have seen my separate notes (attached). We ought seriously to consider raising the level of our contacts with UNITA, to increase pressure on the Angolan Government to seek a negotiated settlement.

(iv) World TV

The Foreign Secretary may revert to his proposal to give some funds to the BBC to finance external TV broadcasting. You are firmly opposed to this. I think the Foreign Secretary realises that there is little hope. One more push from you will persuade him to drop it.

C.D.P.

(C. D. POWELL)

8 February 1988

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PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The subjects which are likely to come up are:

1. European Council

He will want to tell you about the meeting of Foreign Ministers in Brussels and discuss the prospects for the European Council next week. There is no doubt that you have very wide public and parliamentary support here for holding to a very firm line. Your problems will arise only if we make concessions. These will have to be very carefully judged. Nonetheless, it would be prudent to examine points on which some movement in our position might be possible and the scope for offsetting it by concessions by others to us (eg deeper price reductions in return for higher MGQs). You might commission the Foreign Secretary to produce a ready reckoner which will enable you to calculate implications of various possible concessions by us, and of compensating moves by others.

2. Angola

I have told the Foreign and Commonwealth Office (letter attached) that you are sceptical about the excuses they produce for keeping our contacts with UNITA at a fairly low level. If Mrs Chalker can see Tambo of the ANC, it is hard to understand why she cannot also see a high level UNITA emissary, particularly when the Americans, French, Kenyans and Nigerians do. Our aim in doing so would be to increase the pressure to get the Cubans and Russians out of Angola.

3. Middle East

There are some signs of renewed American activity, focusing on substance rather than procedure. They do not

CONFIDENTIAL

amount to very much: and the guiding principle seems to be what is acceptable to Shamir. But it is better than nothing. We should surely be feeding some ideas of our own to the Americans on the substance, since it is clear we are not going to see any serious progress towards an international conference in the next few months.

4. World TV

The Foreign Secretary is trying to pluck up courage to come back to you on your objections to making public funds available to finance external TV broadcasting by the BBC (letter in folder). But I know his heart is not in it and one more push from you will persuade him to drop it.

C.D.P.

C D POWELL

2 February 1988

F.S. Please now see further note
on Angola (attached).

DS2AET

PRIME MINISTERBILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow.
Subjects you should cover are:

- (i) Crown Agents. I do not think you have yet had time to talk to the Lord President.
- (ii) European Community. There has been a lot of backsliding from the draft conclusions discussed at the Copenhagen European Council. On agriculture we have lost the Commission, and are just about hanging on to the Dutch by our finger nails. The chances of a successful outcome in February are not good. But the Anglo-French Summit on Friday and your meeting with Chancellor Kohl next week are a last chance to get some sense into the proceedings.

The main aspects to focus upon in your talks with Mitterrand, Chirac and Kohl are

- the cereals regime (the total quantity, co-responsibility levies vs. price reductions)
- oilseeds and rape (total quantities, size of price reductions)
- structural funds (increase should be limited to one-and-a-half times the maximum rate)
- UK abatement (our contribution has gone up more than anyone's since 1984)

✓ (iii) Middle East. President Mubarak had very little to offer in terms of practical steps. You asked Mr Reeve (our new Ambassador to Jordan) to work up some new ideas on how we can make progress this year. You may like to commission a paper from the Foreign Secretary.

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(v) Tornado for Jordan. We now have the green light from the Americans. But the attempt to create a linkage to sale of aircraft to Argentina is worrisome for the longer term.

(vi) Meetings on Defence. The Foreign Secretary wants to take a stroll through the various meetings on defence and East/West matters leading up to the NATO Summit: his visit to Moscow, your meetings with Mitterrand and Kohl etc. You have set out your thinking on the NATO Summit in the attached letter.

✓ (vii) Foreign Decorations for Lord Carrington. Lord Carrington is being offered innumerable foreign honours and decorations as he approaches retirement from his NATO post. He want to accept them but the Honours Committee is digging in its heels. The Foreign Secretary want to discuss how to get round this. A background note is in the folder.

C.D.P.

Charles Powell
26 January 1988



CE/SUP

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 January, 1988.

Dear Tony,

NATO SUMMIT

You are no doubt thinking about what we want to get out of the NATO Summit and how it should most effectively be organised. The Prime Minister will certainly want to discuss this with Lord Carrington when she goes to NATO on 17 February. But by then quite a lot may already have been settled.

The Prime Minister sees three main purposes in holding the Summit:

- to focus public attention on NATO in an American Presidential election year, and thus underline its continuing vital importance to the defence of the West and the need for the United States to continue to station substantial forces in Europe;

- to consult at the highest level within the Alliance ahead of the US/Soviet Summit in Moscow, and to agree on the broad lines of the American approach there. This will in effect mean confirming NATO's priorities in the next phase of arms control;

- to underline the unity of NATO in the face of continuing Soviet initiatives designed to separate Europe from the United States and to restate the main principles of Western defence policy, including the continuing essential contribution of nuclear deterrence.

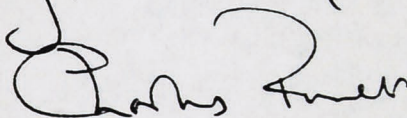
This points to a meeting which is part ceremonial and part substantive. There will no doubt be an inclination to allow all sixteen heads of government to make speeches. It may be unavoidable; but the Prime Minister hopes that we can encourage as much proper debate and discussion as possible in place of formal speeches.

We shall also want to see some sort of declaration or communique from the Summit. This could pose some quite difficult problems. We shall not want an unseemly wrangle

over drafting which would destroy much of the presentational value of the Summit. This must be a real risk on such points as negotiations on short-range nuclear systems in Europe, if the Germans dig their heels in. This points to getting texts settled in advance. It may also point to aiming for a rather general declaration rather than a communique dealing with specific points on which the scope for dispute will be greater. This will probably suit the Americans who will not want their hands tied too tightly ahead of the US/Soviet Summit.

We also need to be clear whether we envisage NATO using the Summit to take a step forward in some particular area. I do not have any specific ideas to offer. But I think that the Prime Minister would welcome suggestions from the Departments and Sir Michael Alexander for a possible initiative which would allow us to point to an identifiable achievement from the Summit.

I am copying this letter to Brian Hawtin (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

Yours sincerely,


C.D. Powell

A.C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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HONOURS IN CONFIDENCE

~~Mr Martin, Protocol Dept~~

minutes to Q Hervey
Sept 21.

ACT 2000

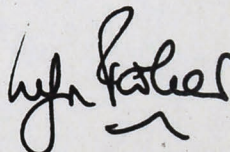
Lord Carrington

As I mentioned to you on the telephone, Lord Carrington telephoned the Secretary of State at lunchtime today. He said he was about to embark on his round of valedictory calls in NATO capitals. In a number of cases there were proposals to offer him honours. Lord Carrington himself had no interest in such things, would not wish to publicise them and, if awarded, would consign them immediately to the bottom of a drawer and forget them. He was however concerned that in some cases (he cited Spain as an example) governments might take it seriously amiss if he were to refuse to accept their awards.

His Private Secretary had subsequently telephoned the FCO, and had been told (in accordance with our normal practice) that these awards could not be accepted. He was now in a quandary, and would be very grateful if the Secretary of State would look into this. The matter was unfortunately fairly pressing since his first visit to Iceland was due in a couple of weeks time.

The Secretary of State said that he well understood the dilemma. He knew from his experience in other cases that the rules were complicated. He would look into it swiftly, but could not give any reassurance that the answer would be the one Lord Carrington wanted. Lord Carrington underlined again his worries about how refusal would be seen.

I should be grateful for early advice on what the Secretary of State should say to Lord Carrington. You will no doubt wish to clear your lines with the Palace.



(L Parker)

20 January 1988

cc: PS/Mr Mellor
PS/PUS
Mr Hervey
Mr McLeod, Protocol Dept
Mr Lever, Sec Pol Dept

HONOURS IN CONFIDENCE

Ref. A088/57

NOTE FOR RECORD

cc PS/Sir Brian Cubbon
PS/Sir Clive Whitmore
PS/Sir Patrick Wright
Mrs Hedley-Miller
Mr Hervey

Honours: The International Rule

Sir Robert Armstrong held a meeting in his room on Monday 21 December 1987 at 11.30 am with Mr Butler, Sir Brian Cubbon, Sir Clive Whitmore, Sir Patrick Wright, Mrs Hedley-Miller, Mr Hervey, Mrs Campbell and Mrs Gardner, to discuss the changes to the "International Rule" proposed in the note attached to Sir Patrick Wright's letter to Sir Brian Cubbon of 30 September 1987.

laid down by whom?

2. It was noted that the present position was that British honours could not be awarded to foreign nationals serving in international organisations, and that British nationals serving in international organisations could not accept honours awarded by foreign governments, nor could such British nationals be awarded a British honour until they had retired from the organisation which they were serving.

3. Sir Patrick Wright rehearsed the FCO position, saying that minds had been concentrated by two particular instances, concerning General Bernard Rogers and Sir Brian Urquhart. In the former case it was seen by some as desirable that one who had performed such signal service to Britain, through his service to NATO, should be honoured in an exceptional way. In

the latter, inter alia it would reflect credit on the United Kingdom if the particular merits and service of a British national were formally recognised by grateful Governments. Neither presently was permitted. The intention of the FCO proposals was to allow exceptions to be made in such outstanding cases; not to open the floodgates for a multitude of awards to less deserving cases.

4. In discussion the following main points were made:

a. The rule was cast with the intention of presenting a consistent and defensible system without a hint of impropriety. But it was difficult to envisage criticism on the grounds of partiality of an award to such eminences as General Rogers and Sir Brian Urquhart, or, indeed, Lord Carrington.

b. The principles which in an earlier age had given rise to the International rule no longer seemed to apply to the same extent. The concept of service in international organisations had in large part changed and it seemed less likely today that there was a severe risk of compromise in the award of honours. The strict interpretation of the Rule was perhaps no longer appropriate in these changed circumstances. This was recognised in the exceptional award of British honours to British nationals on retirement from international organisations where they had performed exceptional service. The relaxation of the International Rule being sought could be seen as only an extension of this practice, but if exceptions were to be made, the pre-requisite was that there should be the most stringent criteria precluding a general flood of exceptions.

c. There were already exceptions to the rule in the award of honours to some foreign former Cabinet Ministers. It

was anomalous for awards to be made to such people, who were servants mostly to their own national interest, when those such as General Rogers serving internationally were not able to be similarly honoured. If the exceptions truly were exceptional that could be sufficient criterion, and all the defence and justification required.

d. There could, nonetheless, be problems of explaining the relevant merits of a case and there was a danger that it would be impossible to resist invidious comparisons being made between the award of honours to a particular individual of one nationality and his successor in the same post of another nationality. Such comparisons might force the hand of the awarding Government to make routine awards to every individual appointed to a particular post, in order not to give offence to the individual's own national Government.

e. It could be argued that the appropriate body to honour foreigners was their own Government; but this position was at variance and would be publicly contrasted with the practice of many foreign Governments; could not adequately represent the appreciation of the British Government; and ignored the current practice whereby some one hundred awards were made to foreigners each year in the Foreign and Diplomatic List.

f. The International rule impinged on the award of honours to British sportsmen. The nature of the activity was that prominent sportsmen tended to gravitate towards international sports organisations: under the present rule those who did were thereby barred from receiving an honour. The relevant organisations rarely were of a type lending themselves to the exercise of individual partiality and it was absurd to argue against honouring British sportsmen on this basis. The practice was inexplicable to outsiders;

all the more so in that nominal association with international sports organisations often coincided with the culmination of a sportsman's career.

5. Summing up, Mr Butler said that there were three categories to be considered under the International Rule. First was the position of British subjects participating in international organisations. In this case, it was important that the perceived integrity of recipients should not be thrown into question; but some relaxation was desirable in clear cut cases, or where participation was of a trivial nature. Second was the award of foreign honours to British subjects. It would be most difficult in this case to formulate rules allowing exceptions which would establish defensible and maintainable criteria. Third were foreign nationals who might be honoured by the British Government. Here too would be great difficulties in sustaining a position; but, awards in this case being firmly in the gift of the Government, there might be more room to relax the rules to allow exceptions for the truly noteworthy. Mr Butler invited the Secretary, in conjunction with the Ceremonial Branch, to draft a paper on this basis for submission to The Queen.

P.C.B.

Cabinet Office
8 January 1988

PAUL CUTHBERT-BROWN



CABINET OFFICE

53 Parliament Street, London SW1A 2NG. Telephone 01-210 5059

The Ceremonial Officer
Mrs M E Hedley-Miller CB

Mr Crowley Protocol
cc B/SS
Mr Hervey

NB the underline

stiffening!

[Signature]

Jeffrey Hannock
22/1

Mr P Cuthbert-Brown
Cabinet Office
70 Whitehall
London SW1A 2AS

[Handwritten signature]

20 January 1988

[Handwritten initials]

Dear Paul,

HONOURS. THE INTERNATIONAL RULE.

I departed on a longish spell of leave immediately after Sir Robert Armstrong's meeting on 21 December, and was thus not available to be consulted about the record.

I would like to suggest a slight redraft of paragraph 5. This is attached. I am sending a copy to the recipients of your note: save that I imagine that you will show this letter to Sir Robin Butler.

[Handwritten signature]

MRS M E HEDLEY-MILLER

- c: P/S Sir Brian Cubbon
- P/S Sir Clive Whitmore
- P/S Sir Patrick Wright
- Mr Hervey

5. Summing up, Mr Butler said that there were three categories to be considered under the "International Rules". First was the position of British subjects participating in international organisations. In this case, it was important that the perceived integrity of recipients should not be thrown into question but a distinction could be drawn between those serving in governmental and non-governmental organisations. Some relaxation seemed desirable in the case of those serving in non-governmental bodies - for example to permit sportsmen serving in international sporting bodies to receive British awards for service to British sport. Second was the award of foreign honours to British subjects. It would be most difficult in this case to formulate rules allowing exceptions which would establish defensible and maintainable criteria, so no change would be proposed. Third were foreign nationals serving in international organisations, who might be awarded British honours. Here too would be great difficulties in sustaining a position; but there might be a possibility of relaxing the present rule in exceptional cases, because control of the situation would be in our own hands.

6. The Foreign and Commonwealth Office were invited, in consultation with the Secretary, to draft a paper for circulation to the HD Committee.

PAUL CUTHBERT-BROWN

Cabinet Office
January 1988

cc BOP

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary after Cabinet tomorrow. The main issues are likely to be:

- (i) Hong Kong debate. He may want to report on today's Hong Kong debate in the House (unless he has already done so in Cabinet).
- (ii) Crown Agents. You are to speak to the Lord President about the Foreign Secretary's request for parliamentary time for a Bill to privatise the Crown Agents.
- (iii) Syria. You will have seen in the box the minutes proposing that we authorise BA to try to secure restoration of overflying rights over Syria.
- (iv) Nigeria. You might mention the friendly message you have received from Babangida.
- (v) Trident. The outcome of officials' discussions with the Pentagon was reasonably reassuring. But you will want to raise it with the President.
- (vi) NATO Summit. The consensus in Brussels is for a meeting running through 2 and 3 March. It is hard to see how this time is to be filled - other than by 16 separate speeches. We should give a firm steer towards proper discussion.
- (vii) European Council. This seems likely to be on Thursday 11/Friday 12 February despite our efforts to make it a day later. Kohl has proposed coming to see you on 2 February (not ideal as it coincides with the Foreign Ministers' conclave). So far, preparations for the Council are most unpromising

with the Germans pursuing their own interests on agriculture. It will be very important to re-create your alliance with Lubbers (and the Commission when it comes to agriculture).

- (viii) Jordan/Tornado. We have got ourselves into difficulties over this, with the King pressing for an answer and the Americans most reluctant to agree.
- (ix) European Commission. The Foreign Secretary will probably mention that we shall soon need to start thinking about the succession to Delors, as well as to Lord Cockfield and Mr. Clinton-Davies. I think his personal preference is to see Delors and Clinton-Davies stay on, and replace Lord Cockfield (who probably wants to go anyway). I doubt you will be enthusiastic about Delors. I also doubt that you will want to take a bye-election to replace Lord Cockfield.

C.D.P.

C. D. POWELL

20 January 1988

SLHARU

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow morning immediately before Cabinet. The main subjects seem likely to be:

(i) Your visit to Africa

You will want to give him a brief account of your visit. We have conveyed to the Foreign Office the main conclusions you have drawn from it (copy of letter in folder) and you want to see the various points to be followed up. Two particularly urgent matters are:

- (a) action with the BBC over President Moi's complaints. It might be best for me or Bernard to contact Dukey Hussey, subject to the Foreign Secretary's views; and
- (b) a response to President Babangida on the terms for the £200 million medium-term ECGD cover.

(ii) Foreign Secretary's visit to Japan

He will want to report to you on this and on the prospects for a visit by Mr. Takeshita.

(iii) Defence matters

You have now replied to President Mitterrand's message in terms intended to put the French on the spot. It seems likely that the Americans are about to come forward with dates for a NATO Summit in early March.

The most sensitive point on the defence side at present concerns the implications for Trident of the counting rules agreed by the Americans and Russians in the START negotiations. An MOD team was in

Washington at the weekend and have apparently come back reasonably reassured. The Defence Secretary will be minuting colleagues about this.

(iv) The Middle East

You may want to make some observations about Mr. Mellor's visit. You have refrained from any public comment but you are not sure that he acted very wisely. You have built up a very careful balance in our Middle East policy over the last three years which has served us well. This may now be at risk.

You may also want to make clear that you do not see much merit in the suggestions being touted for a more active British role, including a shuttle, on Arab/Israel matters. This over-estimates our ability to deliver. In any event we should wait until Mr. Coles has paid his farewell visit to King Hussein in Aquaba on 16/18 January before reaching any conclusions on the way forward.

(v) Europe

There are signs that the German Presidency are out to isolate us at the European Council in February. We shall need to take particular care to maintain our good cooperation with the Dutch and try also to get back to closer terms with the French, to avoid this. We are still waiting for a date for a meeting between you and Chancellor Kohl. There are also still problems over the starting time for the European Council. We are trying to push the Germans towards holding it on the Friday and Saturday.

C.D.P.

CHARLES POWELL
13 January 1988

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The main subjects are:

- (i) Franco-German Defence Co-operation
You saw my note on this (in the folder). You might (if you agree) put to the Foreign Secretary the four points on the last page.
- (ii) Meetings with Secretary Shultz
You will both have seen Secretary Shultz separately. You may want to compare notes.
- (iii) France/Iran
- (iv) Sir David Orr
You will want to give the Foreign Secretary a brief account of your meeting (he has seen my note).
- (v) Visit to Nigeria

C.D.P.

(C.D. POWELL)

15 December 1987

DCAAES

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RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

SECRET

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow.
Points which need discussion are:

- (i) Mr Gorbachev's Visit. The Foreign Secretary will wish to tell you about his talks with Shevardnadze and discuss follow-up to the visit. You will want to mention your talk with the President.
- (ii) European Council. You will want to discuss how we maximise the chances of getting our way in February. The first step is a message to the Germans explaining our thinking.
- (iii) Situation in the Gulf. There have been further Iranian attacks on shipping in the Gulf.
- (iv) Polish Foreign Minister. You will be seeing the Polish Foreign Minister immediately after your talk with the Foreign Secretary. You will want to know how his visit to the UK has gone.

es?

Charles Powell
7 December 1987

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

The Foreign Secretary is coming in this afternoon for a talk. The main subjects which seem likely to come up are:

(i) Preparation for the European Council

The Foreign Ministers ended their meeting today but will meet again next week. The Agriculture Council is still going on. The results to date are not enough to produce a satisfactory solution at Copenhagen. The text which is before Agricultural Ministers deals principally with stabilisers and is a great advance on two months ago. But it still contains serious weaknesses, for instance on cereals, and oil-seeds, and also remains (at least in MAFF's eyes) discriminatory against the UK on sheepmeat. The Foreign Secretary floated your scheme for using national financing to dispose of existing surplus stocks. It got support from Spain and Portugal and a flicker of interest from the Netherlands but no one else. Moreover, the intelligence suggests that the French and Germans still reckon that they can get together at Copenhagen and isolate us with the result that we shall have to concede some of our basic requirements. That suggests that we shall have to go through the heat and the smoke of Copenhagen to show them that this expectation is not well-founded.

It seems to me that we have a good position with which you are comfortable and should now stick firmly to it up to and through Copenhagen, despite the pressures. You might like to give this general steer to the Foreign Secretary.

(ii) Possible Visit of Mr. Gorbachev

It seems that Shultz and Shevardnadze have struck a deal in Geneva and the summit is now definitely on. In that case, we can probably expect an announcement of the Gorbachev's visit as early as tomorrow (always assuming that the wretched Observer has not ruined it with their story about

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Mrs. Gorbachev). The point has been firmly registered that you want the arrangements to be absolutely perfect. We are sending a team down to Brize Norton on Friday to meet the Russian advance team who are on their way through to ^{Washington} Geneva. It is a bit difficult to plan the structure of the meeting until we know exactly who is coming on the Russian side. But I have told the Foreign Office that you will want private talks with Mr. Gorbachev while the Foreign Secretary has a separate session with Mr. Shevardnadze, but there might be a rather wider participation in the lunch.

(iii) Duncan Campbell

I understand that the Foreign Secretary will probably say that, after further consultations with the Attorney and reflection on the risks of wider disclosures about GCHQ, he has decided that it would be too risky to prosecute Duncan Campbell. But civil proceedings should be instituted.

(iv) External television broadcasting

I have written to the Foreign Office to say that you remain dissatisfied with the Foreign Secretary's proposal and will only be content when the BBC and ITN are given an opportunity to tender on an equal footing. I gather that he is still not disposed to accept this; and will probably argue that tender is not the right way to proceed since in any case ITN would never accept the prescription powers of the Government. I think that you should continue to press him on this.

(v) Gibraltar

He will want to bring you up to date on the negotiations in Spain over the Gibraltar airport. Although some progress has been made it is still probably not enough to produce a solution which we could reasonably insist that the Gibraltarians accept. Meanwhile opinion in Gibraltar is becoming increasingly turbulent on the subject. But we cannot let them dictate our policy provided we remain absolutely firm on the question of sovereignty and of no joint control of Gibraltar airport.

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- 3 -

(vi) Visit to Nigeria

Our High Commissioner still has not got an appointment with President Babangida. Is he just over-worked? Or is it a signal? Perhaps we should give him until the end of the week, and if there is still no meeting then, look for alternative places to visit. Botswana? Cameroon? Morocco?

C.D.P.

(C. D. POWELL)

24 November 1987

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a talk with the Foreign Secretary tomorrow afternoon. The main points which he is likely to raise are:

(i) Arab/Israel You will have seen Shultz's reply to the Foreign Secretary's recent message. It is not very encouraging. You will be seeing Peres next week and will want to ask him how he thinks we can help. But it is quite clear that the Americans are not prepared to face the Israelis down; and in the absence of that, it may be that all we can hope to do is to keep a process alive, without any real hope of achieving progress over the next twelve months.

(ii) Falklands We shall know the result of the Falklands vote at the UN by tomorrow. It will probably show very little change from last year. At the least there should be no further erosion of our support.

There is another aspect about which the Foreign Secretary will want to brief you. We are, apparently, trying to deliver an Islander aircraft to the Falklands. It has got as far as Punta Arenas. But on the final leg it has to cross part of the Argentine Flight Information Region and predictably the Argentines are making difficulties. The civilian pilots will not fly the final leg without permission from the Argentine flight controllers. We are either going to have to force the aircraft through, which may mean using RAF pilots, or back down. It is most unsatisfactory that we have got into this position without anyone seeming to know about it. But having got this far, we must surely ensure that the aircraft is now delivered.

(iii) GCHQ The Foreign Secretary has been talking to Sir Peter Marychurch about the damage which might result to

GCHQ from a prosecution of Duncan Campbell and others under the Official Secrets Act. He will want to report to you. I understand that he still does not feel able to judge how bad the potential exposure of GCHQ's activities from a prosecution would be. He wants to talk further to the Attorney General.

(iv) British Council Sir David Orr has been to see the Foreign Secretary to demand more funds for the British Council and has hinted that he will resign if he does not get them. He has asked to see you and we have given him a time in December. The British Council are constantly sniping at the Government and rallying their supporters to do likewise. In some ways, Sir David Orr's departure would not be a great loss. On the other hand there would probably be quite a public row, since the British Council lobby would make a great fuss about it. You will wish to consider tactics with the Foreign Secretary.

(v) Hong Kong The Foreign Secretary will want to brief you on the outcome of the most recent Joint Liaison Group, which dealt very satisfactorily with a number of defence and civil aviation issues. The Chinese apparently expressed some concern about the new link-up between Hong Kong & Shanghai Bank and the Midland and asked for more information. The Foreign Secretary is puzzled that the Chinese appear to know more about previous goings-on between the Hong Kong & Shanghai and the Midland than he had realised. You, of course, know the reason for this but there is no need to divulge it.

(vi) European Council I have arranged for David Hannay to continue the seminar session next Friday morning. You will also be seeing Mr. Williamson briefly then. I understand that the Foreign Secretary will not be in London that day.

C.D.P.

(C.D. POWELL)

17 November 1987

DCAACP

C. B. J.

PRIME MINISTER

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BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow.
Subjects which he may raise are:

- (i) Libya Apparently he wishes to say something about Libyan responsibility for the arms shipment for the IRA which was intercepted recently and possible action open to us.
- (ii) East/West Relations He wants to mention one or two thoughts about the run-up to the US/Soviet Summit in Washington. You will see in the hot box a note recording a senior American official telling us that they cannot guarantee that President Reagan will not continue to talk about the goal of a nuclear-free world but that no-one in Washington has any plans or intentions which go beyond a 50% reduction in strategic nuclear weapons.
- The Soviet Ambassador is coming to see me tomorrow morning. We may therefore discover something more about the possibility that Gorbachev might stop over in the UK on his way to or from the Washington Summit.
- (iii) European Council You have a separate meeting with him on Thursday to discuss the prospects for the European Council. I understand that the Foreign Secretary is pondering a grand strategy but it has not yet been revealed to anyone. I am not sure whether tomorrow will be the moment or not!
- (iv) Irish Ratification of the European Convention on the Suppression of Terrorism It seems that Mr. Haughey has a message to you in gestation. The advice at the moment

is that it would be better to wait for that before sending a message yourself. But we do need to be sure that his message will not contain a definitive decision from which it would be difficult for him subsequently to back down.

C.D.

(C.D. POWELL)

9 November 1987

DALAN

P.S. Please see separate
mtg by Nigel on the
Zircen case.

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

THIS IS A COPY. THE ORIGINAL IS
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You have a bilateral with the Foreign Secretary tomorrow evening. He will just have returned from his visit to Egypt and Jordan. The main subjects will be:

(i) The Middle East

He will obviously want to report to you on his visit and how he sees the prospects. Your message seems to have had a calming effect on King Hussein (the telegrams reporting the Foreign Secretary's discussions with him are in the hot box). The Foreign Secretary was able to tell the King that we would increase our aid to Jordan by some £5 million and that we would be able to make available the full £100 million credit for the Tornado deal, so the Jordanians would not have to give up other defence projects. This went down very well. On the wider issue, it seems likely that the King will be content if the focus can be turned back on to the international conference even though he realises that little progress is likely to be made until after the US and Israeli elections. I think that your intervention has helped prevent the King from going out of the control. But I am sure that he will continue to look to you for constant reassurance.

The Foreign Secretary will also want to let you have his views on the prospects in the Gulf. The Soviet Union seem to have made some ground in selling their idea of a United Nations force to the Jordanians and others in the Middle East. The Foreign Secretary has to some extent countered this.

(ii) Syria

You will have seen the reports to the effect that Al Khouli has been moved from his intelligence post to become Deputy Chief of Staff in

the Air Force and will apparently go from there to be Syrian Ambassador to Czechoslovakia. If this is confirmed you will need to consider whether we should look again at our restrictions against Syria. It is too early yet but you might ask the Foreign Secretary to do some contingency planning for a small relaxation.

(iii) The United States

You may want to discuss with the Foreign Secretary the arguments for and against a further message to President Reagan about the US budget deficit. We have had conflicting advice, with Treasury Secretary Baker pressing for a message and Frank Carlucci counselling that nagging about an increase in taxes will be counter-productive. Your inclination is to wait a while longer before deciding whether to intervene. If you do, it may be better to send a message saying that you would like to talk to the President on the telephone. You will need a good script for this.

You might also mention the resignation of Weinberger and the question whether we should propose him for an honorary award such as a CH.

(iv) Gorbachev's position

On Gorbachev's speech on the 70th anniversary of the October Revolution was less radical than many expected and he seems to have run into some serious squalls from the Politburo. It is not too fanciful to see his position at some risk although the Summit may be his insurance policy. You will want to consult the Foreign Secretary on whether we should revert to the idea of suggesting that Gorbachev might make a refuelling stop here on his way to the Summit and have a brief meeting with you. (I am seeing the Soviet Ambassador on Friday and could mention it then.)

(v) The European Community

You have agreed to go to Paris to see Chirac on

22 November. It is more difficult to pin down Kohl: one possibility is to see him in Copenhagen on the eve of the European Council itself. You may like to mention that I am intending to see Teltschik next week.

We have a time in the diary for the Foreign Secretary and David Hannay (with Mr. Lavelle) to talk you through the main issues on the future financing of the Community. This is better than a big meeting.

(vi) China

The outcome of the Party Congress and the election of the new Politburo are both quite encouraging. The reformers seem to be reasonably firmly in control but the basic problem still confronts them: how to implement reform without stopping ideology at the same time.

C.D.P.

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CHARLES POWELL

3 November 1987

VC3ATB

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

The points which the Foreign Secretary is likely to raise are:

(i) East/West Relations

He will want to tell you about Shultz' debriefing of NATO Foreign Ministers following his visit to Moscow. The likelihood seems to be that Gorbachev thinks he can extract a further price for agreeing to a Summit and can get Western public opinion to put pressure on the President over the SDI. We must remain firm and encourage the Americans to do so.

The Foreign Secretary has himself been kept on a string by the Russians over his own visit to Moscow. His inclination is anyway not to go in present circumstances and put off a visit until the Spring.

(ii) Hong Kong Stock Market

He may want to brief you on the measures taken to stabilise the Hong Kong Futures Market. It is notable that the Bank of China has been playing a helpful role.

(iii) Arab/Israel

King Hussein has briefed our Ambassador on the latest US initiative, making clear that he wants no part of it.

(iv) Franco/German Defence Cooperation

You have asked the Foreign Office for a more sophisticated

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analysis. You have subsequently seen the account of my talk with M. Bujon, and the Foreign Secretary has himself just come back from a WEU meeting. We need now to work on the Germans to get them to realise the risk of allowing themselves to be lured too far down the French path.

e.d.

(C. D. POWELL)

27 October 1987

CONFIDENTIAL

PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary this afternoon. Subjects which may arise are:

(i) Commonwealth Heads of Government Meeting

He may wish to let you have his reflections on this meeting. You are due to make a statement to the House tomorrow. Our information is that the Labour Party are likely to concentrate their attacks on Messrs. Ingham and Powell for their alleged mis-information campaign, on your branding of the ANC as a terrorist organisation and on the allegation that by opposing sanctions and actively encouraging investment in South Africa you are condoning the apartheid regime. All these points are, of course, perfectly easy to answer.

(ii) European Community

The Foreign Secretary will want to let you have his impressions of the prospects for reaching agreement on the future financing of the Community in December, based on discussion at the EC Foreign Affairs Council earlier this week. They do not look very bright. You have a meeting next week with the Foreign Secretary, the Chancellor and the Minister for Agriculture to consider the way forward.

(iii) The Foreign Secretary's meeting with Secretary Shultz

The Foreign Secretary will want to report on his meeting yesterday with Secretary Shultz. It will be interesting to hear whether Shultz got anywhere with his new ideas for giving a kick-start to Arab/Israel peace negotiations during his recent visit to the Middle East.

(iv) NATO Summit

The President is not willing to come to Europe for a NATO Summit ahead of his meeting with Gorbachev (but does seem ready to contemplate a NATO Summit afterwards). There seems no realistic prospect of changing the President's mind. The alternatives are:

- to seek a meeting of NATO Foreign Ministers before the Gorbachev meeting;
- to press for a Heads of Government meeting immediately afterwards; or
- to leave a Heads of Government meeting until next spring, to take stock of NATO in a wider sense. This avoids the impression that other NATO Heads of Government are just expected to rubber-stamp US/Soviet conclusions.

(v) U.S. Economy

You may wish to mention the idea of your sending a message to the President about the US economy and possible tax increases.

(vi) Aid Budget

You will want to discourage the Foreign Secretary from going to Star Chamber.

C.D.R

Charles Powell

21 October 1987

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PRIME MINISTER

You have a bilateral tomorrow afternoon with the Foreign Secretary. Items he will wish to discuss include the following:

- (i) US action in the Gulf;
- (ii) Developments in the Middle East, in the context of his talks with George Shultz;
- (iii) A possible NATO summit in connection with the forecast East-West Summit.

P. A. Bearpark

20 October 1987

PART 1 ends:-

CDP TO PM 28.9.57

PART 2 begins:-

AB TO PM 20.10.57