

~~CONFIDENTIAL~~

The President has seen

8768
ADD-ON

Summer

THE WHITE HOUSE
WASHINGTON

December 21, 1984

MEETING WITH BRITISH PRIME MINISTER MARGARET THATCHER

DATE: December 22, 1984
LOCATION: Camp David; Aspen and Laurel Lodges
TIME: 10:00 a.m. - 1:30 p.m.
FROM: ROBERT C. MCFARLANE *RCM*

*Thatcher visit
Dec 84*

I. PURPOSE: To continue your close personal and consultative relationship with Mrs. Thatcher.

II. BACKGROUND: You last met with Mrs. Thatcher at the London Summit. She took advantage of her trip to the Orient to press for a pre-Christmas meeting. She is obviously eager for in-depth consultations at the outset of your second term. Mrs. Thatcher will have just been in Beijing, where she signed an agreement providing for the return of sovereignty over Hong Kong to China in 1997. She is also stopping in Hong Kong to reassure the various Hong Kong groups, primarily the business community, that the agreement is in their best interests.

At home, Mrs. Thatcher's position remains secure -- the Conservatives maintain a 140 seat majority in Parliament and she has no obligation to call an election before 1987 -- but the 10 month old miners' strike, intractable high unemployment, and Britain's limp economic performance give the opposition some hope and keep the political adrenalin flowing.

Mrs. Thatcher remains among your staunchest personal supporters and we and the British pursue similar foreign policies. Our bilateral relationship is close, sound, and special, but there are a number of chronic economic irritants. The British have long been concerned over extra-territoriality, whether it be unitary taxation or our restrictions on the export of U.S. technology. There is a bright spot: In November we exchanged letters on new arrangements for handling export control disputes. This was a priority goal for the British.

Civil aviation is the source of our deepest differences. We are profoundly disappointed in Britain's reaction to your significant decision to close the Grand Jury investigation of alleged criminal antitrust violations in connection with the Laker Airline bankruptcy. Since that decision, Ken Dam,

DECLASSIFIED

NLS F77-013 #10

~~CONFIDENTIAL~~

Declassify: OADR

BY Amf NARA, DATE 5/17/00

~~CONFIDENTIAL~~

cc Vice President

Allen Wallis, and Ambassador Price have pressed British ministers to take positive steps to liberalize the current aviation regime. The British have been singularly unhelpful, though Mrs. Thatcher did agree, in her latest letter to you, to lower winter fares. She also suggested that our failure to make a commitment to remove the treble damage remedies in the Clayton Antitrust Act restricts Britain's ability to take further liberalizing steps. You will wish to emphasize that Congress would reject a proposal to repeal the treble damage clause and express disappointment at the lack of British response to your forthcoming decision.

We expect East-West relations, the Geneva talks, and Gorbachev's visit to the UK (Mrs. Thatcher met with him for over five hours at Chequers) to be the centerpiece of your discussions. George Shultz's attached memo addresses these questions in greater detail. You will wish to seek her impressions of Gorbachev. There were press reports about Mrs. Thatcher criticizing your Strategic Defensive Initiative (SDI) during Gorbachev's visit. Our Embassy reports that the press exaggerated her criticism of SDI and that she made no special condemnation. Nonetheless, the British have long feared that an advance missile defense system would render their nuclear deterrent ineffective, and as a consequence the Thatcher government has questioned your initiative. I am sending you under separate cover a more detailed memo on British and European concerns over SDI.

Mrs. Thatcher reportedly will also want to discuss the U.S. and world economic situation, Northern Ireland, and international terrorism. George's paper (Tab A) covers these points. Don Regan will join me at my Friday morning 9:30 meeting to brief you in greater depth on economic issues.

Tip O'Neill has sent you a letter, illustrative of the attitude of many in Congress, urging you to encourage Mrs. Thatcher to intensify the Anglo-Irish dialogue. There is a feeling in some quarters that Mrs. Thatcher is inflexible and you will want to underline the need for real progress if we are to maintain bipartisan support for our policy toward Northern Ireland. On a separate matter, you should welcome Mrs. Thatcher's recent letter informing you that Britain would join us in not signing the Law of Sea Convention.

You may wish to raise energy security. Our strategy for developing Norwegian gas resources as an alternative to Soviet gas rests on the assumption that the Norwegian Sleipner gas field be developed for UK use and that the enormous Troll field be developed for continental Europe, thereby blocking further Soviet Siberian gas. At the moment, negotiations between British gas and the Norwegians

~~CONFIDENTIAL~~

are stalled. Commercial agreement has been reached, but the British Government favors tacking on a commitment to buy British goods and services to develop the field, rather than letting the Norwegians find the most competitive contracts. Failure of the Sleipner deal to go forward would cause further delay in development of Norway's Troll field and thus allow the Soviets a substantially larger share of the West European gas market after 1990.

One late item: We have a report that Mrs. Thatcher may raise Britain's increasing skepticism with regard to the verification provisions in our draft chemical weapons (CW) treaty that the Vice President tabled in Geneva last April. You should underline the central role of verification in obtaining public and Congressional support for any arms control agreement, but ask her to suggest ways other than on-site CW inspection to achieve our objectives.

One final item: We have been going back and forth with the British on the possibility of Mrs. Thatcher meeting with you again in February. At Mrs. Gandhi's funeral, George had suggested to her a U.S.-British seminar on East-West relations and arms control -- along the lines of the strictly British sessions she holds at Chequers. We originally thought the Camp David meeting would fill the bill, but she will be in the U.S. on a speaking tour in February and has pushed to meet with you again. We have agreed and are currently working on a date and format.

George's memo is at Tab A. Your suggested talking points and Mrs. Thatcher's bio are at Tab B. You are not making a formal departure statement.

III. PARTICIPANTS

10:00 a.m. - 10:25 a.m. - Pre-brief - Aspen Lodge

The President
 Secretary Shultz
 Robert C. McFarlane
 Ambassador Price
 Assistant Secretary Burt
 Peter R. Sommer, NSC

10:40 a.m. - 11:10 a.m. - Private Meeting - Aspen Lodge

The President
 Peter Sommer (notetaker)

Mrs. Thatcher
 Charles Powell, Private Secretary to Mrs. Thatcher
 (notetaker)

~~CONFIDENTIAL~~~~CONFIDENTIAL~~

11:15 a.m. - 1:25 p.m. - Expanded Meeting and Lunch -
Laurel Lodge

The President
The Vice President
Secretary Shultz
Robert C. McFarlane
Ambassador Price
Assistant Secretary Burt
Peter R. Sommer, NSC

Mrs. Thatcher
Ambassador Wright
Robin Butler, Principal Private Secretary
to Mrs. Thatcher
Charles Powell, Private Secretary to
Mrs. Thatcher (Notetaker)

IV. PRESS PLAN: White House photographer at appropriate points during the Camp David schedule. Pool press coverage of Mrs. Thatcher's arrival.

V. SEQUENCE OF EVENTS:

| | |
|------------------|--|
| 10:00-10:25 a.m. | Pre-brief in Aspen Lodge |
| 10:30 a.m. | President meets Mrs. Thatcher at Landing Zone (LZ) |
| 10:30-10:40 a.m. | The President and Mrs. Thatcher drop by Aspen to greet Mrs. Reagan |
| 10:40-11:10 a.m. | Private meeting (plus note-takers) at Aspen |
| 11:15-12:00 noon | Expanded meeting in Laurel Lodge |
| 12:00-12:15 p.m. | Pre-lunch drinks in Laurel |
| 12:15-1:25 p.m. | Working lunch in Laurel |
| 1:30 p.m. | President bids Mrs. Thatcher goodbye at LZ (there will be no departure statements) |

Attachments

Tab A Shultz Memo
Tab B Talking Points and Bio

Prepared by:
Peter R. Sommer