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3 June 1980

C L G Mallaby Esq
Eastern European Soviet Department
FCO

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M. Mallaby of M

My dear Christopher,

FIRST CALL ON THE HUNGARIAN PRIME MINISTER - *vice nominally*
MR GYORGY LAZAR

*A good deal of hot air. It would be
to see our bilateral relation measured in
terms of something other than the number of exchanges
that take place.*

After a predictable delay due to the 12th Party Congress and other commitments, I was eventually able to pay my first formal call on the Hungarian Prime Minister, György Lázár, on 2 June. Michael Atkinson came with me and I am indebted to him for the enclosed note of our conversation.

2. As you will see from the record, there were no surprises but the discussion was notable both for its cordiality and for Mr Lázár's conspicuous avoidance of controversial topics such as the Afghanistan crisis. The whole thrust of the Prime Minister's remarks, standard in content but careful in emphasis, underlined the theme which has been common to nearly all my initial calls on Hungarian Ministers, namely that Hungary is determined, if possible, to weather current international storms with her bilateral relationships with Western countries and not least with the United Kingdom intact. As he will be reporting separately, Gordon Barrass of the Planning Staff was told by one senior Hungarian official during his visit to Budapest that it was important, in terms of policy discussions within the Hungarian leadership,

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for Western representatives to repeat as often as they could the message that their governments remained resolved further to develop their relationships with Hungary, above all in the economic field. We shall be assessing the significance and implications of this, and many other interesting comments which have been made recently by Hungarians both to Lord Limerick, to Barrass and to me, concerning the Hungarians' view of their own future, and I shall hope to let you have our conclusions in advance of Julian Bullard's visit which, we hope, will take place in August. In the meantime, I used my call on the Prime Minister to drive home the point that we fully reciprocate the Hungarian wish to preserve and build on what has been achieved in recent years, without being in any way complacent about the flaws in detente which the events of this year have revealed.

*Yours ever,
Bryan*

Bryan Cartledge

Copied (with enclosure) to:

J H Pownall Esq
Department of Trade

R Howie Esq
PS/Chairman, BOTB

RECORD OF A CALL BY HM AMBASSADOR, MR B G CARTLEDGE, ON THE HUNGARIAN PRIME MINISTER, MR GYÖRGY LÁZÁR, ON 2 JUNE 1980 AT 2.30 PM

Present:

Mr G Lázár

HE Mr B G Cartledge

Mr Polgar
(Interpreter)

Mr M W Atkinson

1. Mr Lázár welcomed Mr Cartledge and said that he was pleased to meet him personally. He hoped that the Ambassador agreed that Anglo/Hungarian bilateral relations were developing in an "orderly" way, in accordance with the agreements between the two countries. Mr Lázár said that, in the present international situation, this was significant. Hungary regarded these bilateral relations as important, and was interested in their continuation.

2. Mr Lázár said that he thought that the recent meeting between Lord Carrington and the Hungarian Foreign Minister, Mr Pujá, in Vienna had been useful. He hoped that Lord Carrington would come to Hungary in the autumn; this would provide a good opportunity for reviewing all the possibilities for improving relations further. Mr Lázár said that it was also important to develop economic relations between the two countries: these were not yet at as high a level as they could be. It was fair to say that Hungary's economic relations with some other Western countries had been developing quicker than those with Britain. Mr Lázár expressed the hope that the recent visit by the Chairman of the British Overseas Trade Board, Lord Limerick, would contribute to a better exploration of all the economic possibilities.

3. Referring to the international situation, Mr Lázár said that he would not go into details. The Hungarian position was well known. But the development of bilateral relations could be influenced to some extent by changes in the international situation. In Hungary's opinion, that situation had deteriorated. The Prime Minister said that the Hungarian People's Republic's policy was for the continuation of détente, stopping the arms race and solving all problems by peaceful means. He hoped that

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HMG would study the recent proposals put forward by the Political Consultative Committee of the Warsaw Pact. Mr Lázár stressed that it was important that further efforts be made to continue détente. He wished the Ambassador a pleasant stay in Hungary and assured him on behalf of the Hungarian Government that any proposals he might put forward serving the interests of détente would receive Hungary's support.

4. Mr Cartledge said that he and his wife had appreciated the warm welcome they had been given in Hungary. He had been pleased to be given the opportunity to meet so many members of the Council of Ministers early in his stay. He particularly appreciated the fact that these calls had not been merely protocol occasions but had provided substantial and useful discussions. Mr Cartledge said that he was particularly grateful to Mr Lázár for receiving him at a busy time in Hungary's political life.

5. Mr Cartledge went on to say that he had arrived in Budapest in January, at a time when the international situation had been difficult; but he had arrived with clear instructions to the effect that during this period of difficulty, our bilateral relations should nevertheless be maintained and developed. His task had been made easier by the extent to which the British Government's approach was shared by the Hungarian Government. He agreed with Mr Lázár that events elsewhere were bound to affect bilateral relations: these effects were sometimes good and sometimes not but he believed that the two Governments shared the view that in difficult times it was necessary to work all the harder to preserve the positive achievements of earlier years.

6. Mr Cartledge said that, as he had said when presenting his credentials to Vice President Trautmann, he had come to Hungary with the intention of doing all he could to develop Anglo/Hungarian relations in every field. He said that a Hungarian, whose experience of Anglo/Hungarian relations was much longer than his own, had observed that Hungary enjoyed good economic relations with Conservative Governments and good political relations with Labour Governments. This, Mr Cartledge said, was of course not an altogether serious assessment, and was only 50% optimistic.

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7. Mr Cartledge said that so far as economic relations were concerned, recent events had justified the assessment which he had quoted. There had been many visits in both directions, such as those of delegations from two British Chambers of Commerce and from nearly every leading UK bank. The Governor of the Bank of England would be coming in July and there had been a satisfactory level of participation by British firms in the Budapest Spring Fair. As the Prime Minister had pointed out, Lord Limerick's visit had been a valuable one. He had gone home with some important messages to convey about the willingness of the Hungarian side to expand trade further. Lord Limerick had particularly appreciated his long and valuable talk with Deputy Prime Minister Marjai.

8. Mr Cartledge said that, in the other direction, Mr Kovari of the Planning Office had been to Britain. The Ambassador said that he hoped that Mr Kovari had found an equal willingness on the British side to develop the possibilities of trade with Hungary. What was certain was that Hungarian enterprises had been doing very well in increasing their level of trade: Hungarian exports to Britain had increased very substantially and in the first three months of this year they had risen again by 18%. Mr Cartledge said that he trusted that British firms were being equally enterprising; they were also becoming more flexible in their approach to such matters as cooperation deals. The Anglo/Hungarian Joint Commission would be meeting in London later this month. He hoped that the climax to all these endeavours would be a visit to London by Foreign Trade Minister Veress later this year. Mr Cartledge said that he was delighted that Mr Veress had been able to accept the Minister of Trade's invitation to go to London; the Embassy was now discussing possible dates for the visit with him.

9. Mr Cartledge said there had also been positive developments in other fields. We had been very pleased by the success of the visit of the Hungarian poets to London in March. We were looking forward to the visit of Cardinal Lekai next month. Mr Cartledge said that the Scottish football team had also, two days before, made their contribution to our bilateral relations by enabling the Hungarian team to demonstrate to their critics that they could, in fact, play football very well. Mr Lázár agreed that they could - sometimes.

10. Mr Cartledge said that the Hungarian assessment of the possibilities for our political relations, to which he had referred earlier, was at least 50% too pessimistic. We had been making considerable efforts to develop a political dialogue with Hungary which had not, perhaps, been quite as active as it could be in recent years. The Ambassador referred to the current visit by a member of the FCO Planning Staff and said that Mr Barrass had been having very useful talks. The Embassy was also discussing with the MFA the possibility of a visit by the FCO's Political Director, Mr Julian Bullard. The Ambassador agreed with the Prime Minister that Lord Carrington's meeting with Mr Puja in Vienna had been useful and said that the Secretary of State was looking forward to his visit in October.

11. Mr Cartledge said that although we could not be too optimistic about international political developments this year, he hoped that the year would end better than it had begun. HMG was, of course, studying the Warsaw Pact's proposals. Mr Cartledge said that, however events turned out on an international scale, we should be able to look back at the end of 1980 on a year of genuine progress in Anglo/Hungarian bilateral relations, both in the economic and political fields.

12. Mr Lázár thanked the Ambassador and said that he was glad that he had found his first meetings with Ministers in Budapest useful. He said that he welcomed and agreed with the Ambassador's approach of not just maintaining, but of continuing to develop bilateral relations. Mr Lázár said that he did not know whether the Hungarian statement to which Mr Cartledge had referred was true or not. Mr Lázár said that, irrespective of the past, the future was ahead of us. We should take steps to ensure that both sides developed their relations. He thanked Mr Cartledge for referring to the series of recent and forthcoming meetings. Mr Lázár said that there were very important elements in our relations - including the contacts in the field of culture. Mr Lázár said that he thought the Ambassador would detect the presence of classical and of present-day British culture in Hungary. The British had certain poets, for example, whom the Hungarians considered almost as their own. Mr Lázár said it would be good if there could be a little more equality and balance in the cultural field although he admitted it would be ridiculous to seek an exact balance there.

13. Mr Lázár said that the Hungarian Government believed in the many-sided development of relations and in the development of détente, which would help the former process too. We lived in a changing world but Hungary believed there were no global or regional problems which could not be solved peacefully. Hungary was ready to cooperate with all countries in line with her very modest capabilities. For these reasons, too, he welcomed personal contacts and he commented that there would be some acceleration of the rate of such meetings between British and Hungarian personalities in the next few months. He agreed with the Ambassador that this would be useful and also expressed the hope that at year's end the balance should be much more favourable than could have been foreseen last January.

14. The Ambassador said that HMG fully shared the Prime Minister's views about détente and about the importance of increasing our exchanges and personal contacts. He said that, speaking personally, there had been over the past ten years a rapid acceleration of exchanges and visits but we had perhaps thought insufficiently deeply about the overall international framework within which these could be developed. Just as, Mr Cartledge said, workers in both countries had become accustomed to an annual increase in their standard of living as a matter of course, so perhaps we had been a little too inclined to take an improvement in East-West relationships for granted and had failed to appreciate the need to agree on a common view of the nature of détente. Mr Cartledge said that perhaps the discussions which had been begun in Vienna, and which would be continued in Budapest later, could help to reduce differences of perception as to what détente should really mean.

15. The Ambassador said that perhaps it would not be taking unfair advantage of his call to express the hope that the Prime Minister would receive Lord Carrington when he came to Budapest.

16. Mr Lázár repeated that he had been very glad to meet the Ambassador personally and to exchange opinions. He agreed that there had been a major and positive change in relations in the world during the last ten years. The Helsinki Final Act had been an important milestone. We should not allow such success to be demolished but should build on all the favourable aspects that had been secured.

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- 6 -

17. He agreed that dialogue could help to explain and resolve some differences of perception. Lord Carrington's visit would indeed be useful from this point of view. Mr Lázár said that, as the Ambassador knew, elections were about to be held in Hungary. He added with a smile that if he continued to occupy the same chair afterwards he would be very glad to receive Lord Carrington. If not, he was sure that his successor would be very glad to do so.
18. The meeting ended at 3.10 pm.

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3 June 1980