

## Prime Minister

### Hungarian Foreign Minister

There are two briefs attached :-

- one on Poland
- the second on other matters.

2. The Hungarian Ambassador (Dr. Bangasz) and Bryan Cartledge will attend the call. So will an Hungarian interpreter.
3. As there will be six of us you may like to use the White Drawing Room.

A. J. C.



Foreign and Commonwealth Office

London SW1A 2AH

12 January 1982

*Dear John,*

Hungarian Foreign Minister's call on the Prime Minister:  
13 January

In the light of the NATO Foreign Ministers' Meeting on 11 January the Prime Minister may wish to raise Poland in her discussions with the Hungarian Foreign Minister, Mr Puja, on 13 January. I therefore enclose a short up-dating brief as a supplement to the main brief enclosed with my letter of 8 January.

Mr Puja may wish to steer conversation away from Poland as soon as possible. And we would not suggest that the Prime Minister should make this the main topic at the meeting. Our policy so far has been to try to discriminate between the countries of Eastern Europe on the basis of their internal developments and external obedience to Soviet wishes. Hungary has, in our view, been relatively successful in pursuing its own interests and introducing economic reforms. While we would not, therefore, wish to suggest to Mr Puja that Hungary has direct responsibility for the imposition of martial law in Poland, the Prime Minister may nevertheless wish to make clear the importance events in Poland will have for the development of East/West relations across the board including our own relations with Hungary.

*yours etc*  
*Roderic Lyne*

*JP* (F N Richards)  
Private Secretary

A J Coles Esq  
 10 Downing St



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SUPPLEMENTARY BRIEF FOR CALL BY HUNGARIAN FOREIGN MINISTER,  
MR PUJA: 13 JANUARY 1982 AT 1500 HOURS

POLAND

POINTS TO MAKE

1. Hungarian Government will have seen the Declaration of NATO Foreign Ministers on Poland issued after their meeting on 11 January. Will be aware therefore of seriousness with which NATO Governments view developments in Poland.
2. As we have repeatedly made clear, we look to the Polish Government to honour its commitments to return to the process of Renewal and Reform as quickly as possible. Specifically we call on them to end martial law, release detainees and resume a dialogue with the Church and Solidarity.
3. We and our partners and allies are determined to work for a climate of confidence and mutual restraint in East/West relations. But the persistence of repression in Poland and the massive violation of human rights in that country is eroding the basis for East/West cooperation and understanding. Must emphasise that situation in Poland is a potentially disruptive force for East/West relations across the board.
4. NATO Foreign Ministers called upon the Soviet Union to respect Poland's sovereign rights and to respect the clear desire of the overwhelming majority of the Polish people for national reform and renewal. Wish to reiterate that any further Soviet pressure, but particularly military intervention, assisted by any other of Poland's allies, would have the gravest consequence for international relations and mean the end of détente.



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5. Know that Hungary has in the last decade pursued innovative policies both at home and in its foreign relations (particularly economic). We in the West have welcomed these developments. Believe it would be a pity if these achievements were now put at risk by developments in Poland.

6. In that perspective would be very interested to have Hungarian views on likely outcome and development of situation in Poland.

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SUPPLEMENTARY BRIEF FOR CALL BY HUNGARIAN FOREIGN MINISTER,  
MR PUJA: 13 JANUARY 1982 AT 1500 HOURS

POLAND

ESSENTIAL FACTS

1. A copy of the NATO Foreign Minister's Declaration is attached at Annex A.
2. Hungarian Official reaction to the NATO Declaration is reported in Budapest telegram number 15 attached.

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12 January 1982

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TO IMMEDIATE FCO

TEL NO 15 OF 12/1

HUNGARIAN REACTION TO NATO FOREIGN MINISTER COMMUNIQUE

1. TODAY'S HUNGARIAN PAPERS ALL CARRY ARTICLES ON THE NATO FOREIGN MINISTERS MEETING.
2. NEPSZABADSAG, THE PARTY PAPER, GIVES A DESCRIPTION OF THE COMMUNIQUE, TOGETHER WITH A LENGTHY EXTRACT FROM TASS. THIS EXTRACT DESCRIBES THE COMMUNIQUE AS 'INTERFERENCE WITH POLAND'S INTERNAL AFFAIRS, WHICH AMOUNTS TO CRUDE VIOLATION OF THE PRINCIPLES ACCEPTED AT THE HELSINKI CONFERENCE'.
3. HUNGARIAN COMMENT IS LIMITED TO FOLLOWING THIS LINE. NEPSZABADSAG SAYS THAT THE COMMUNIQUE, WHICH 'THE MEMBER STATES ACCEPTED AFTER STRONG PRESSURE FROM WASHINGTON, SHOULD BE CONSIDERED TO BE A FURTHER ATTEMPT TO INTERFERE IN POLAND'S INTERNAL AFFAIRS, AND A CONSCIOUS DISTORTION OF SOVIET POLICY'.
4. THE OTHER HUNGARIAN PAPERS DEAL WITH THE COMMUNIQUE IN THE CONTEXT OF GROMYKO'S AND CZYREK'S DISCUSSIONS IN MOSCOW. THEIR COVERAGE DOES NOT DEVIATE FROM THE LINE TAKEN BY TASS AND NEPSZABADSAG.

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TO IMMEDIATE FOREIGN AND COMMONWEALTH OFFICE,

TELEGRAM NUMBER 015 OF 11 JANUARY 1982,

INFO IMMEDIATE WASHINGTON, PARIS, BONN, WARSAW, MOSCOW,

INFO PRIORITY ALL OTHER NATO POSTS, UKMIS NEW YORK, UKMIS GENEVA,  
UKREP BRUSSELS, MADRID,

INFO SAVING TOKYO, CANBERRA, WELLINGTON, PRAGUE, SOFIA, EAST  
BERLIN, BUCHAREST, BUDAPEST, BELGRADE, STOCKHOLM, VIENNA, BERNE,  
HELSINKI.

NORTH ATLANTIC COUNCIL & POLAND.

1. THE FOLLOWING IS THE TEXT OF THE DECLARATION ON EVENTS IN POLAND  
ISSUED FOLLOWING TODAY'S MEETING OF THE COUNCIL AT MINISTERIAL  
LEVEL.

QUOTE:

1. THE ALLIED GOVERNMENTS CONDEMN THE IMPOSITION OF MARTIAL LAW  
IN POLAND AND DENOUNCE THE MASSIVE VIOLATION OF HUMAN RIGHTS AND  
THE SUPPRESSION OF FUNDAMENTAL CIVIL LIBERTIES IN CONTRAVENTION  
OF THE UNITED NATIONS CHARTER, THE UNIVERSAL DECLARATION ON HUMAN  
RIGHTS AND THE FINAL ACT OF HELSINKI.
2. THE PROCESS OF RENEWAL AND REFORM WHICH BEGAN IN POLAND IN  
AUGUST 1980 WAS WATCHED WITH SYMPATHY AND HOPE BY ALL WHO BELIEVE  
IN FREEDOM AND SELF-DETERMINATION; IT RESULTED FROM A GENUINE  
EFFORT BY THE OVERWHELMING MAJORITY OF THE POLISH PEOPLE TO ACHIEVE  
A MORE OPEN SOCIETY IN ACCORDANCE WITH THE PRINCIPLES OF THE FINAL  
ACT OF HELSINKI.
3. THE IMPOSITION OF MARTIAL LAW, THE USE OF FORCE AGAINST POLISH  
WORKERS, WITH THE THOUSANDS OF INTERMENTS, THE HARSH PRISON  
SENTENCES AND THE DEATHS THAT FOLLOWED, HAVE DEPRIVED THE POLISH  
PEOPLE OF THEIR RIGHTS AND FREEDOMS, IN PARTICULAR IN THE FIELD OF  
TRADE UNIONS. THESE ACTS THREATEN TO DESTROY THE BASIS FOR RECON-  
CILIATION AND COMPROMISE WHICH ARE NECESSARY TO PROGRESS AND  
STABILITY IN POLAND. THEY ARE IN CLEAR VIOLATION OF POLISH COMMIT-  
MENTS UNDER THE HELSINKI FINAL ACT, PARTICULARLY THE PRINCIPLES  
RELATING TO RESPECT FOR HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS.  
DEVELOPMENTS IN POLAND DEMONSTRATE ONCE AGAIN THE RIGIDITY OF THE  
WARSAW PACT REGIMES WITH RESPECT TO THOSE CHANGES NECESSARY TO MEET  
THE LEGITIMATE ASPIRATIONS OF THEIR PEOPLES. THIS ENDANGERS PUBLIC  
CONFIDENCE IN CO-OPERATION BETWEEN EAST AND WEST AND SERIOUSLY  
AFFECTS INTERNATIONAL RELATIONS.

4. THE ALLIES DEPLORE THE SUSTAINED CAMPAIGN MOUNTED BY THE SOVIET UNION AGAINST EFFORTS BY THE POLISH PEOPLE FOR NATIONAL RENEWAL AND REFORM, AND ITS ACTIVE SUPPORT FOR THE SUBSEQUENT SYSTEMATIC SUPPRESSION OF THOSE EFFORTS IN POLAND. THESE ACTS CANNOT BE RECONCILED WITH THE SOVIET UNION'S INTERNATIONAL UNDERTAKINGS, AND IN PARTICULAR WITH THE PRINCIPLES OF THE FINAL ACT OF HELSINKI, ESPECIALLY THOSE DEALING WITH SOVEREIGNTY, NON-INTERVENTION, THREAT OF FORCE, AND SELF-DETERMINATION. THE SOVIET UNION HAS NO RIGHT TO DETERMINE THE POLITICAL AND SOCIAL DEVELOPMENT OF POLAND.
5. THE ALLIES CALL UPON THE POLISH LEADERSHIP TO LIVE UP TO ITS DECLARED INTENTION TO RE-ESTABLISH CIVIL LIBERTIES AND THE PROCESS OF REFORM. THEY URGE THE POLISH AUTHORITIES TO END THE STATE OF MARTIAL LAW, TO RELEASE THOSE ARRESTED, AND TO RESTORE IMMEDIATELY A DIALOGUE WITH THE CHURCH AND SOLIDARITY. ONLY WITH RECONCILIATION AND GENUINE NEGOTIATION CAN THE BASIC RIGHTS OF THE POLISH PEOPLE AND WORKERS BE PROTECTED, AND THE ECONOMIC AND SOCIAL PROGRESS OF THE COUNTRY BE SECURED. POLAND COULD THEN EXPECT TO ENJOY FULLY THE BENEFITS OF STABILITY IN EUROPE AND OF CONSTRUCTIVE POLITICAL AND ECONOMIC RELATIONS WITH THE WEST.
6. THE ALLIES CALL UPON THE SOVIET UNION TO RESPECT POLAND'S FUNDAMENTAL RIGHT TO SOLVE ITS OWN PROBLEMS FREE FROM FOREIGN INTERFERENCE AND TO RESPECT THE CLEAR DESIRE OF THE OVERWHELMING MAJORITY OF THE POLISH PEOPLE FOR NATIONAL RENEWAL AND REFORM. SOVIET-PRESSURE, DIRECT OR INDIRECT, AIMED AT FRUSTRATING THAT DESIRE, MUST CEASE. THE ALLIES ALSO WARN THAT IF AN OUTSIDE ARMED INTERVENTION WERE TO TAKE PLACE IT WOULD HAVE THE MOST PROFOUND CONSEQUENCES FOR INTERNATIONAL RELATIONS.
7. IN THEIR COMMUNIQUE OF 11TH DECEMBER, 1981, NATO MINISTERS REAFFIRMED THEIR COMMITMENT TO WORK FOR A CLIMATE OF CONFIDENCE AND MUTUAL RESTRAINT IN EAST-WEST RELATIONS: WHAT HAS SINCE HAPPENED IN POLAND HAS GREAT SIGNIFICANCE FOR THE DEVELOPMENT OF SECURITY AND CO-OPERATION IN EUROPE. THE PERSISTENCE OF REPRESSION IN POLAND IS ERODING THE POLITICAL FOUNDATION FOR PROGRESS ON THE FULL AGENDA OF ISSUES WHICH DIVIDE EAST AND WEST.
8. THE ALLIES REMAIN COMMITTED TO THE POLICIES OF EFFECTIVE DETERRENCE AND THE PURSUIT OF ARMS CONTROL AND IN PARTICULAR HAVE WELCOMED THE INITIATIVES CONTAINED IN PRESIDENT REAGAN'S 16TH NOVEMBER SPEECH. THE SOVIET UNION WILL BEAR FULL RESPONSIBILITY IF ITS ACTIONS WITH REGARD TO POLAND AND ITS FAILURE TO LIVE UP TO EXISTING INTERNATIONAL OBLIGATIONS DAMAGE THE ARMS CONTROL PROCESS. A RETURN TO THE PROCESS OF REAL REFORMS AND DIALOGUE IN POLAND WOULD HELP CREATE THE ATMOSPHERE OF MUTUAL CONFIDENCE AND RESTRAINT REQUIRED FOR PROGRESS IN NEGOTIATIONS IN THE FIELD OF ARMS CONTROL AND LIMITATIONS, INCLUDING THE GENEVA TALKS ON INTERMEDIATE-RANGE NUCLEAR FORCES DUE TO RESUME ON 12TH JANUARY.



9. IN VIEW OF THE GRAVE DEVELOPMENTS IN POLAND, WHICH CONSTITUTE A SERIOUS VIOLATION OF THE HELSINKI FINAL ACT, THE ALLIES AGREED THAT THE MADRID CONFERENCE SHOULD DEAL WITH THE SITUATION AS SOON AS POSSIBLE AT THE LEVEL OF FOREIGN MINISTERS.

10. THE ALLIES WILL ALSO INTENSIFY THEIR EFFORTS TO BRING TO THE ATTENTION OF WORLD PUBLIC OPINION AND INTERNATIONAL ORGANIZATIONS INCLUDING THE UNITED NATIONS AND ITS SPECIALIZED AGENCIES SUCH AS THE INTERNATIONAL LABOUR ORGANIZATION, THE VIOLATION OF HUMAN RIGHTS AND ACTS OF VIOLENCE IN POLAND.

11. EACH ALLY WILL IN ACCORDANCE WITH ITS OWN SITUATION AND LEGISLATION IDENTIFY APPROPRIATE NATIONAL POSSIBILITIES FOR ACTION IN THE FOLLOWING FIELDS:

(A) FURTHER RESTRICTIONS ON THE MOVEMENTS OF SOVIET AND POLISH DIPLOMATS, AND OTHER RESTRICTIONS ON SOVIET AND POLISH DIPLOMATIC MISSIONS AND ORGANIZATIONS;

(B) REDUCTION OF SCIENTIFIC AND TECHNICAL ACTIVITIES OR NON-RENEWAL OF EXCHANGE AGREEMENTS;

MEANWHILE THE ALLIES EMPHASIZE:

- THEIR DETERMINATION TO DO WHAT LIES IN THEIR POWER TO ENSURE THAT THE TRUTH ABOUT EVENTS IN POLAND CONTINUES TO REACH THE POLISH PEOPLE DESPITE THE OBSTACLES CREATED BY THE AUTHORITIES IN WARSAW AND MOSCOW IN DIRECT CONTRAVENTION OF THEIR OBLIGATIONS UNDER THE HELSINKI FINAL ACT;

- THEIR RESOLVE THAT THE EQUALITY OF THEIR RELATIONS WITH THE MILITARY REGIME IN POLAND SHOULD REFLECT THE ABNORMAL NATURE OF THE PRESENT SITUATION AND THEIR REFUSAL TO ACCEPT IT AS PERMANENT;

- THEIR WILLINGNESS TO CONTRIBUTE, WITH OTHER GOVERNMENTS, TO THE SOLUTION OF THE PROBLEM OF POLISH CITIZENS NOW ABROAD AND UNABLE OR UNWILLING TO RETURN TO THEIR OWN COUNTRY.

12. THE ALLIES RECOGNIZE THE IMPORTANCE OF ECONOMIC MEASURES TO PERSUADE THE POLISH AUTHORITIES AND THE SOVIET UNION OF THE SERIOUSNESS OF WESTERN CONCERN OVER DEVELOPMENTS IN POLAND, AND STRESS THE SIGNIFICANCE OF THE MEASURES ALREADY ANNOUNCED BY PRESIDENT REAGAN.

13. REGARDING ECONOMIC RELATIONS WITH POLAND, THE ALLIES:

- NOTED THAT FUTURE COMMERCIAL CREDITS FOR GOODS OTHER THAN FOODS WILL BE PLACED IN ABEYANCE;

- NOTED THAT THE QUESTION OF HOLDING NEGOTIATIONS ABOUT THE PAYMENTS DUE IN 1992 ON POLAND'S OFFICIAL DEBTS SHOULD, FOR THE TIME BEING, BE HELD IN SUSPENSE;

- AFFIRMED THEIR WILLINGNESS TO CONTINUE AND INCREASE HUMANITARIAN AID TO THE POLISH PEOPLE FOR DISTRIBUTION AND MONITORING BY NON-GOVERNMENTAL ORGANIZATIONS TO ENSURE THAT IT REACHED THE PEOPLE FOR WHOM IT IS INTENDED:

- NOTED THAT THOSE ALLIES WHICH SELL FOOD TO POLAND WILL SEEK THE CLEAREST POSSIBLE POLISH COMMITMENTS WITH REGARD TO THE USE OF THE FOOD.

14. IN THE CURRENT SITUATION IN POLAND, RELATIONS WITH POLAND AND THE SOVIET UNION ARE BOUND TO BE AFFECTED. SOVIET ACTIONS TOWARDS POLAND MAKE IT NECESSARY FOR THE ALLIES TO EXAMINE THE COURSE OF FUTURE ECONOMIC AND COMMERCIAL RELATIONS WITH THE SOVIET UNION. RECOGNISING THAT EACH OF THE ALLIES WILL ACT IN ACCORDANCE WITH ITS OWN SITUATION AND LAWS, THEY WILL EXAMINE MEASURES WHICH COULD INVOLVE ARRANGEMENTS REGARDING IMPORTS FROM THE SOVIET UNION; MARITIME AGREEMENTS, AIR SERVICES AGREEMENTS, THE SIZE OF SOVIET COMMERCIAL REPRESENTATION AND THE CONDITIONS SURROUNDING EXPORT CREDITS.

15. THE ALLIES WILL MAINTAIN CLOSE CONSULTATIONS ON THE IMPLEMENTATION OF THEIR RESOLVE NOT TO UNDERMINE THE EFFECT OF EACH OTHER'S MEASURES.

16. IN ADDITION TO AGREEING TO CONSULT ON STEPS TO BE TAKEN IN THE NEAR FUTURE, THE ALLIES WILL ALSO REFLECT ON LONGER-TERM EAST-WEST ECONOMIC RELATIONS, PARTICULARLY ENERGY, AGRICULTURAL COMMODITIES AND OTHER GOODS, AND THE EXPORT OF TECHNOLOGY, IN LIGHT OF THE CHANGED SITUATION AND OF THE NEED TO PROTECT THEIR COMPETITIVE POSITION IN THE FIELD OF MILITARY AND TECHNOLOGICAL CAPABILITIES. UNQUOTE.

2. THESE ARE FOOTNOTES RECORDING GREEK RESERVATIONS ON THE PENULTIMATE SENTENCE OF PARAGRAPH 3 AND ON PARAGRAPHS 11, 12, 13, 14 AND 16.

3. COMMENT FOLLOWS.

FCO PLEASE PASS SAYING TO TOKYO, CANBERRA, WELLINGTON, PRAGUE, SOFIA, EAST BERLIN, BUCHAREST, BUDAPEST, BELGRADE, STOCKHOLM, VIENNA, BERNE, HELSINKI.

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Foreign and Commonwealth Office  
London SW1A 2AH

8 January 1982

*Dear John,*

Call by the Hungarian Foreign Minister: 13 January 1982

I enclose a brief for the Hungarian Foreign Minister's call on the Prime Minister at 3.00 pm on Wednesday, 13 January. It comprises notes on:

- (a) Bilateral relations
- (b) The internal situation in Hungary and Hungarian Economic Policy
- (c) Hungary's reaction to events in Poland
- (d) Mr Puja

We understand from Marsha Fenwick's telephone conversation that you are prepared for Dr Banyasz, the Hungarian Ambassador and Bryan Cartledge, our Ambassador at Budapest, to attend the call. Mr Puja will also be accompanied by his interpreter, Dr Banlaki who will, as agreed, also interpret for the Prime Minister.

*Yours ever,*

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing St

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BRIEF FOR CALL BY HUNGARIAN FOREIGN MINISTER, MR PUJA,  
13 JANUARY 1982 AT 3.00 PM

Bilateral Relations

1. Attach importance to our relations with Hungary. Glad we have now established a regular political dialogue, including contacts at a high level. Believe dialogue more necessary than ever at times of uncertainty in international relations.
2. Glad to note there are no substantial bilateral problems with Hungary. Wish to expand and develop a constructive relationship.

Visit by the Prime Minister to Hungary (Defensive)

3. Aware that there is an outstanding invitation to visit Hungary. Would like to do so at an appropriate time. No plans at present to do so.

General Meszaros [MET-ZAR-OSS] (Defensive)

4. As we have already informed the Hungarian authorities, the Home Office have carefully reconsidered this issue but have confirmed that they cannot authorise the return of General Meszaros's remains as the nearest surviving relative has refused permission. It is not possible for the Home Office to release any details about the relative in question.

Commercial Relations (if raised)


5. Commercial relations generally very good. Demonstrated by the friendly and fruitful exchanges between our countries through Ministerial and other high-level visits; close cooperation between our Chambers of Commerce and visits by business and technical specialists in both directions. Need to build on this goodwill to achieve a steady and sustained increase in trade.

Trade Imbalance (Defensive)

6. Recognise scope for improvement in trade. Current trends undoubtedly affected by world recession. Easing of recession in UK should help.

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/IMF Membership



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IMF Membership

6. Welcome Hungary's application to join IMF and World Bank. Understand application is now being processed in accordance with IMF procedures. Hope there need be no delays in procedure.

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## BACKGROUND

The Visit

1. Mr Puja's visit to London, his second in five years, is in return for Lord Carrington's to Budapest in October 1980. It will provide the first opportunity for discussion with the Hungarian Government since the visit of the State Secretary for Foreign Affairs, Mr Nagy, in May last year. A personality note on Mr Puja is attached at Annex A.
2. Mr Puja's visit takes place against the background of events in Poland. The Hungarian regime's main anxiety at present is that the Polish crisis may cool East/West relations to a point at which Hungarian trade and other contacts with the West may suffer. Mr Puja's visit is therefore important to Hungary as it shows that the lines of communication are still open, that the East/West dialogue continues and that Hungary is playing her part in it.

Bilateral RelationsGeneral

3. Relations with Hungary are cordial but lack substance. This is perhaps inevitable given the limited nature of British interests in Hungary and the fact that Hungary displays a studiously orthodox approach to foreign affairs, particularly where loyalty to the Soviet Union can be demonstrated without material cost to the Hungarians. They remain nevertheless keen to develop relations with Western countries and avoid any deterioration particularly in economic links.

Visit by the Hungarian Foreign Minister

4. The Hungarian complaint of lack of high-level visits has to some extent been answered by Lord Carrington's visit to Hungary last October and Mr Puja's present visit.

Visit of the Prime Minister (Defensive)

5. The Hungarians are however pressing for a visit by the Prime Minister. (No British Prime Minister has visited Hungary.) An invitation to the Prime Minister was extended by the Hungarian Premier, Mr Lazar, to Mr Wilson in 1975. Although it has not since been formally renewed, the Hungarian Ambassador mentioned this informally to the Prime Minister in July of last year and has indicated that Mr Puja may wish to raise this during his visit.

6. There are no firm plans for the Prime Minister to visit Hungary. In view of recent developments in Poland it would clearly be inappropriate at the present time to give any firm commitment. The Prime Minister may, therefore, if asked, like to repeat what she told Dr Banyasz in July: that she would like to visit Hungary at an appropriate time but that there are no present plans to do so.

#### Recent Visits

7. The Hungarian Minister for Foreign Trade, Mr Veress, visited Britain in February of this year as the guest of Mr Parkinson and called on the Secretary of State for Trade and Lord Carrington. Mr Pullai, the Hungarian Minister for Transport and Communications, came to Britain in May as the guest of Mr Fowler and his visit coincided with that of Mr Nagy, the No 2 in the Hungarian Foreign Ministry who visited Britain at the joint invitation of Mr Blaker and the PUS. On outward visits, Mr Buchanan-Smith, Minister of State for Agriculture visited Hungary from 21-24 September and Mr Eyre, PUS for Trade went there from 5-9 October.

#### General Meszaros (Defensive) [METZAROS]

8. The Hungarian Government has been seeking permission to repatriate the remains of General Meszaros, a Hungarian leader of the 1848 revolt against Austria, who is buried in Herefordshire. The application has been refused by the Home Secretary since a great niece living in the US, who is also the owner of General Meszaros' grave, has objected. Hungarian emigrés have also been active in opposing the application.

9. Mr Nagy raised this matter with Mr Blaker in May, who promised to ask the Home Office to look again at the matter. After a careful re-examination of the question, the Home Office has said there is no reason to change their earlier decision to refuse the Hungarian request. The Hungarian Embassy has been informed of this decision, but as indicated by Mr Nagy, this is not a matter they will be prepared to let drop.

#### Trade

10. UK trade with Hungary is comparatively small, amounting to £112.3 million in 1980. Hungary occupied 73rd place among our export markets. Industrial development and modernisation in Hungary has been slower than in other East European countries: UK companies have failed to win contracts for any of the new major projects undertaken in recent years. The Hungarians have /however

however placed emphasis recently on seeking co-operation with UK companies in third countries.

Details of UK/Hungarian trade since 1977 are :-

	£ million					
	1977	1978	1979	1980	Jan, Feb Sep, Oct Nov 1980	Jan, Feb Sept, Oct Nov 1981
UK Exports	61.9	64.5	60.8	69.0	26.7	34.3
UK Imports	43.0	42.2	51.9	43.3	19.1	17.7
Total	104.9	106.7	112.7	112.3	45.8	52.0
Balance (in UK's favour)	+18.9	+22.3	+8.9	+25.7	+7.6	+16.6

#### Cultural Relations

11. Exchanges under the current programme are working well. Hungary, in common with other East European countries, makes much of the 'cultural imbalance' particularly in book translation. There is little we can do to offset this criticism although a Publishers Symposium organised by the British Council in Britain in 1979 provided an opportunity for Hungarian publishers to discuss their grievances with their British counterparts and gain a better understanding of the difficulties and constraints faced by our publishers.

12. The Great Britain/East European/<sup>Centre</sup> continues to promote useful contacts with Hungary and organised a highly successful Round Table meeting in Hungary in November 1981.

#### Internal Situation

13. The internal situation in Hungary is probably the most relaxed of any East European country. Hungary has no separated groups and no significant dissident movement. Kadar, the Party First Secretary is firmly in control and enjoys considerable support. That the Hungarian people recognise this was shown when the 28th Anniversary of 1956 passed without any sort of incident or any evident support. But like other East European countries, however, Hungary faces a number of years of relative economic stagnation with the real possibility of some fall in living standards.

#### Economic Situation

14. Despite a lack of natural resources Hungary's economy, stimulated by the New Economic Mechanism facet introduced in 1968

/has



has been comparatively successful; her agriculture is among the most rigorous in Eastern Europe and her standard of living among the highest. Hungary's current hard-currency indebtedness to the West is \$9 bn. Aware of the increasingly unfavourable climate of East-West relations, Hungary has taken, by East European standards, radical steps to anchor the system more firmly in the mainstream of the international banking and financial system; firstly by achieving its intention to introduce a restricted form of convertibility in 1982 and secondly, by declaring publicly its decision to apply for membership of the IMF. It has also been pressing ahead with a domestic liberalisation of its economy.

Hungarian Reaction to Polish Crisis

15. The Hungarians have been anxious throughout the last 18 months to avoid any backlash from events in Poland and to minimise the political and economic disruption of the Polish crisis. Official reaction has been to welcome the imposition of martial law in Poland, and to condemn US measures against Poland and the Soviet Union. The Hungarian media are exploiting differences of view in the Western camp.

16. Despite official optimism that the emergency measures in Poland will work however, in private the Hungarian authorities are not so sanguine. The Hungarian leadership would like a quick solution in Poland based on a revived Communist Party and without a substantial Hungarian economic contribution. They are aware of the harm that prolonged military oppression will do to Socialist credibility and to their economic relations with the West. While echoing the Soviet propaganda line, the Hungarians will be concerned to limit damage to Hungarian interests.

## 1. FRIGYES PUJA [PooYA]

Minister for Foreign Affairs: Member of the Central Committee.

Born 1921. He trained as a typesetter and worked as a printer between 1934 and 1945. He joined the Party in 1944 and worked in local Party organisations for a number of years before joining the Foreign Service. His first important post was as Minister to the Scandinavian countries, resident in Stockholm between 1953 and 1955. He then served in Austria from 1955 to 1959 before being appointed Deputy Foreign Minister responsible for Western Europe and the Americas. In 1963 he became Head of the Foreign Affairs Department of the Central Committee and became a member of the Central Committee in 1966. He returned to the MFA in 1968 as First Deputy Minister and in 1973 succeeded Janos Peter as Minister. He paid an official visit to Britain in 1972 and was host to Sir Denis Greenhill and to Mr Julian Amery in 1973. He received Mr Hattersley when he visited Hungary in December 1974 and was host to Mr Callaghan in July 1975. He again visited Britain in 1976 as the guest of Dr Owen. He was seen by the Prime Minister during his visit to Britain from 27 February to 2 March 1977. Received Mr Edmund Dell in July 1978. Travels very extensively.

Married with one daughter. His wife is dull and heavy going. He speaks German and a little English, but his wife speaks only Hungarian, although she can understand English to some extent.

A muscovite who takes a hard line though he now frequently emphasises in public the need for detente in

/Europe

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Europe and his devotion to the spirit of Helsinki. There are reports that in Vienna in 1956 he 'wobbled' over backing the Imre Nagy Government and fled to Prague. This may explain the orthodox line he takes now. He has a predictable and charmless hard-line approach, but is capable of an occasional glint of humour. He enjoys an argument and for the most part conducts it good-humouredly.

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Europe and his devotion to the spirit of Helsinki.  
There are reports that in Vienna in 1988 he 'wobbled'  
over backing the late Nagy Government and fled to Prague.  
This may explain the orthodox line he takes now. He  
has a predictable and obvious hard-line approach, but  
is capable of an occasional kind of humour. He enjoys  
an argument and for the most part conducts it good-  
humouredly.