



Foreign and Commonwealth Office

London SW1A 2AH

23 December 1981

Dear Mike,

Prime Minister's End of Year Press Interviews

In response to your circular letter of 17 December addressed to John Halliday in the Home Office, I attach a contribution from the FCO covering the state of play in the foreign policy field at the end of 1981.

To avoid unnecessary duplication, we have not made separate returns for 1981 and 1982, but have sought to cover the three questions illustrated in your paragraph 2 under each of the issues dealt with in the note.

Yours ever,

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Prime Minister's End of Year Interviews

Foreign Policy: State of Play at the End of 1981

General

The world is a dangerous place: East/West tension, Poland; Middle East. British foreign policy in 1981 has been consistent and constructive and will continue on these lines.

East/West Relations: Arms Control

Western Alliance maintained cohesion in the face of the Soviet threat. Determination of the Allies to implement INF modernisation programme has brought the Soviet Union to the negotiating table. UK played a leading part in concerting Western position. Reagan's 'zero option' speech of 18 November defines realistic Western objectives. Modest progress on CSCE, Madrid, cohesion of the Ten made a major impact on the Western position. But the gains of detente placed at risk by Soviet behaviour.

Poland

Very grave. Watching closely. Have played our part with Partners and Allies in making possible growth of Polish liberty (debt rescheduling, credits, EC food aid, contingency planning for what the West might do in the event of Soviet intervention). Present situation complex. Totally condemn oppression of the present regime. Considering with Partners and Allies how future help to Poland might best be made conditional on restoration of civil liberties.

Middle East

Outlook uncertain following failure of Arab Summit at Fez and effective annexation of Golan by Israel. Four European States agreed to make modest contribution to Sinai peace-keeping force, to facilitate implementation of Israel/Egypt treaty and return Sinai to Egypt. The Ten remain committed to work energetically for a comprehensive settlement in the Middle East on the basis of the principles set out in the Venice Declaration.

Afghanistan

Lord Carrington to Moscow in July. EC initiative helped to keep Afghanistan at the top of the international agenda. 116 votes against the Soviet Union in the General Assembly. The Ten's proposal remains on the table as a realistic way in which the problem may eventually be solved.

/European Community

## European Community

Britain a European power. Future lies in the Community. Ten nations together greater than as individuals. British Presidency widely recognised to have been constructive and effective. Real progress on a range of important issues - some 70 measures adopted, eg environment, energy policy, enlargement and relations with European Parliament. On the Mandate - agriculture and the Budget - a useful start made at the European Council in London. Difficult and divisive issue, but no doubt at all that it will be solved.

## Political Cooperation

Major advance reflected in London Report in October following Lord Carrington's speech in Hamburg (eg Middle East, Afghanistan, CSCE, Poland - see above).

## Southern Africa

Remains unsettled. The Five Nation Contact Group (UK, UK, France, Germany, Canada) made useful progress towards a settlement in Namibia and negotiation with the Front Line States and the internal parties. Target remains the implementation of Security Council Resolution 435 in 1982.

## Belize

Welcomed Belize to internationally recognised independence on 21 September. Remaining difficulties with Guatemala should be soluble. (Antigua independent on 1 November).

## Western Europe

Series of bilateral Summit Meetings with Italy, France and Germany continued in 1981. Mitterrand election in May a major event, as was Brezhnev's visit to Bonn in November, and the first inner-German Summit since 1971 in December. Retirement of President Kekkonen (Finland) after 25 years.

## Spain

Invited to accede to NATO in December. Calvo Sotelo will be welcomed in London in January. Good prospects for early implementation of the Lisbon Agreement (lifting of Spanish restrictions on Gibraltar).

## Cyprus

In Cyprus the resumption of the inter-communal talks give prospects for genuine negotiation in 1982.

/Economic Summits



Economic Summits

Useful series of Summits principally on international economic questions, at Ottawa, Melbourne and Cancun.

Aid Programme

Over £1 billion, two-thirds to the poorest countries, a major contribution to the world's poor despite our own problems.

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FOREIGN POLICY ACHIEVEMENTS, 1981.

General

1. High reputation of British foreign policy boosted by Zimbabwe settlement and maintained throughout 1981.

Political

2. East/West Relations: Arms control. Western Alliance maintained cohesion in the face of Soviet threat. Determination of allies in implementing INF modernisation programme brought Soviet Union to negotiating table. UK played a leading part in concerting Western position. ''Zero level Outcome'' realistic.

3. Poland. Very grave; watching closely. Have played our part, with allies, in encouraging the growth of Polish liberty, eg. by debt re-scheduling, credits, EC food aid, and in contingency planning for what the West might do in the face of Soviet intervention.

4. European Community. Britain's future lies in the Community. Views of 10 nations together greater than as individuals. Under our Presidency:

- i) EC made real progress on a number of importance issues, eg. environment matters, energy policy. No decisions yet on some very difficult issues, including agriculture expenditure and budget, but nearer.
- ii) Political co-operation strengthened through the London Report.

Examples of political co-operation include:

Afghanistan: EC initiative - Lord Carrington to Moscow - to solve crisis and bring about Soviet withdrawal, helped keep Afghanistan the top of the international agenda. Initiative still on the table.

Middle East: The Ten maintained their proposals for progress towards a comprehensive settlement, agreed at Venice. Also reached agreement on the potentially divisive issue of participation by Britain and 3 others in the Sinai peacekeeping force.

CSCE in Madrid: Cohesion of the Ten made a major impact on the Western position.

UN: EC spoke with a more united voice in New York: record level of joint statements and explanations of vote.

5. Belize. Brought successfully to internationally accepted independence after difficult negotiations.
6. Southern Africa. Remains unsettled. But negotiations between the 5 nation contact group (US, UK, France, Germany, Canada) and concerned parties for a Namibian settlement/<sup>once</sup>more underway. Still early stages. Negotiations will be difficult. But improved prospects for a settlement.

Economic

7. Ottawa. 7-power summit successful. Broad agreement on vital economic issues facing us, particularly that highest priority should be reduction of inflation and unemployment.
8. Commonwealth Heads of Government Meeting and CANCUN. Successful meetings. Full discussion in both of developing countries' problems and the right approach to them. Encouragingly realistic approach at CANCUN.
9. Aid Programme. Over £1,000 million, two thirds to the poorest countries. A major contribution, despite our own problems, to helping the world's poor.
10. Commercial diplomacy. Steel plants in India and Mexico. Progress on Hawk aircraft to UAE.

FOREIGN & COMMONWEALTH OFFICE

18 DECEMBER 1981

FOREIGN POLICY: PROSPECTS FOR 1982.

Political

1. Much unsettled: East/West tension, especially Poland; Middle East. But opportunities too.
2. East/West relations. Must pursue the dialogue. INF talks continue in Geneva. Welcome Reagan's call for resumption of Strategic Arms Reduction talks. (We welcome ''reduction'' as more positive than ''limitation''). Prospects for agreement on Conference on Disarmament in Europe (CDE) if Soviet Union responds constructively: would be great step forward.
3. Poland. Must be allowed to settle affairs itself. Any intervention by Soviet Union would be major setback to East/West relations.
4. European Community. Must all strive for agreement on outstanding issues. We shall play full part in building a strong and forward looking EC in which Britain can feel at home.
5. Namibia. We shall continue to work hard within the 5 nation contact group for the implementation of the UN plan in 1982, with independence in 1983.
6. Economic. Signs of economic upturn. Oil prices more stable. But must continue struggle against inflation. We shall play full part in next economic summit in France in summer. Will maintain substantial aid programme.

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18 DECEMBER 1981