



Foreign and Commonwealth Office

London SW1A 2AH

27 May, 1982

Prime Minister

If you agree to write on these lines
we will send the message on the hot line.

A.F.C. 27/5

I don't like
some pieces of this
reply

Dear John.

Reply to President Reagan's Message on Versailles and Bonn Summits

Reagan
likes
A.C. Flag

Your letter of 7 May enclosed a copy of a message from President Reagan about the Versailles and Bonn Summits and the opening of START talks. You asked us to advise in due course about a reply.

Now that the preparations for these two Summits are further advanced, the Foreign and Commonwealth Secretary thinks it would be useful if the Prime Minister could send a reply to President Reagan setting out the British approach to the two events. I enclose a draft for this purpose. The passages on economic questions have been cleared with the Treasury and the Department of Trade.

I am copying this letter to John Kerr (HM Treasury), David Omand (MOD) and John Rhodes (DOT).

Yours ever,

(F N Richards)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN

1. I was grateful for your message about the Summit meetings in Versailles and Bonn next month. ~~Taken together,~~ ^{These} meetings give us a unique opportunity to show to our own peoples and to the Soviet Union the strength, vitality and cohesion both of the leading industrial democracies and of the Western alliance, and our ability together to meet today's difficult challenges. ~~It is an opportunity we must not miss.~~

2. My talks with George Shultz earlier this month showed how much common ground there is between us on Versailles. The themes you have chosen will, ~~without doubt,~~ be prominent in the economic discussions there.

3. I believe we can agree ~~together~~ at Versailles on improved economic and monetary co-operation. We should aim to give a message of hope for the future, based on the foundations laid by our determined fight against inflation. I know the efforts you are making with Congress on budgetary decisions. ~~If you can show~~ ^{convincing success} there soon, ~~this~~ would offer the prospect of lower interest rates and be a tremendous help to us all.

4. The forthcoming Ministerial Meeting of the GATT will provide the focus for discussing trade questions. ~~Our~~ ^{in outcome} objective should be a Ministerial Meeting which all the participants there can regard as a success. We ~~must each~~ ^{will} contribute to preserving the open trading system. ~~In this~~ and the macro-economic context, I hope we can together convince our Japanese colleagues to adopt policies more responsive to the concerns of others.

*Am not
happy
with this
para.*

/5. I fully

5. I fully agree ^{with you about} on the need for greater caution in economic and financial dealings with the Soviet Union and some other East European countries. There is already a change in this direction; ~~I do not think we should expect a sharp break with the past.~~ ^{remains} There ^{but among} is wide variety between the Summit participants in their national arrangements for handling these matters. Our officials are ^{already cooperating closely} ~~working hard together~~ on this subject. ^{For me} ~~I suggest that our aim should be to reach an understanding on our objectives and, if possible, register agreement on this when we meet at Versailles. My country is doing all it can to contribute to this result.~~

6. The Versailles Summit will primarily be about economic matters. But it is good that we shall have the opportunity to discuss political topics too, at a greater length and with less formality than will be possible at Bonn. It will be particularly important to draw Japan into these political talks.

7. We must clearly discuss East/West issues and the broad guidelines which should govern our relations with the Soviet Union. ^{We shall also need to talk about the Middle East} ~~It might also be useful to talk about the Middle East.~~

I share your views about the importance of increasing exchanges among our young people. ~~and~~ Our experts are, as you know, in close touch with yours on the subject, following your recent initiative.

8. I endorse what you say about the outcome we should try to achieve at the Bonn Summit. Our aim must be to reaffirm the unity of the Alliance. We need to remind our own peoples of the values on which it is based, which inspire its activities and which it seeks to defend. We need also to

And in particular the Iran / Iraq war as well as the Arab / Israel situation.

demonstrate to the Soviet Union that we are resolved to adopt the measures necessary to maintain the effectiveness of deterrence, both inside and outside the NATO area. We must give a clear statement of the framework within which we believe constructive East/West relations should be conducted, and, as you have done in your recent speech, demonstrate publicly a clear willingness to deal with the Soviet Union on this basis.

9. I ^{agree} ~~accept your suggestion~~ that the Summit should ^{stress} ~~make a~~ firm statement on the need for strong conventional defences. This should, I believe, emphasise the importance of making more effective use of existing resources. As for arms control, I warmly welcome your announcement of your intention to open negotiations on strategic arms reductions. These negotiations, together with the INF negotiations in Geneva and NATO's new MBFR proposals, are a clear demonstration of the West's commitment to concrete measures of disarmament in both the conventional and nuclear fields. The Summit offers a unique opportunity to draw attention to this commitment.

10. I very much look forward to welcoming you to London in between the two Summits, when we shall have a chance to go over some of these important subjects together. We shall also have an opportunity to discuss the latest developments in the Falkland Islands.

SECRET



10 2

10 DOWNING STREET

From the Principal Private Secretary

28 May 1982

Dear Francis,

Reply to President Reagan's message on Versailles and
Bonn Summits

You wrote to John Coles on 27 May 1982 to let him have a draft reply for the Prime Minister to send to President Reagan in answer to his message about the Versailles and Bonn Summits.

The Prime Minister made a number of amendments to the draft which I gave to John Holmes over the telephone earlier this afternoon. I now attach a copy of the Prime Minister's message to President Reagan in the form in which it was sent over the hot line to the White House.

I am sending copies of this letter and of the Prime Minister's message to John Kerr (HM Treasury), David Omand (Ministry of Defence), John Rhodes (Department of Trade) and David Wright (Cabinet Office).

Yours sincerely,

Sheila Whiston.

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Francis Richards Esq
Foreign and Commonwealth Office.

SECRET