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14 March 1985

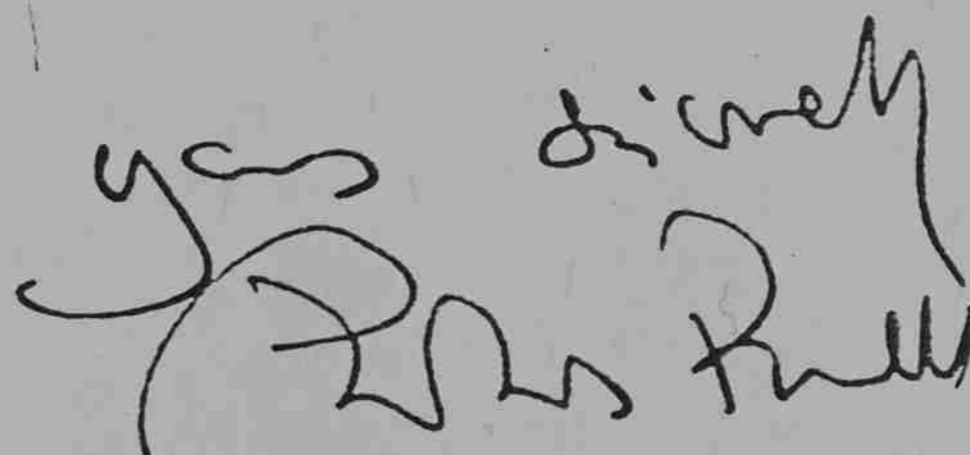
From the Private Secretary

Dear Gen,

Prime Minister's Meeting with Vice-President Bush

I enclose a record of the Prime Minister's meeting with Vice-President Bush, while she was in Moscow for President Chernenko's funeral.

I am copying this letter and enclosure to Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office). The section on Laker is copied to Callum McCarthy (Department of Trade and Industry), Richard Allan (Department of Transport) and Rachel Lomax (HM Treasury).

Yours sincerely

(C.D. Powell)

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office.

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND VICE-
PRESIDENT BUSH AT THE BRITISH EMBASSY MOSCOW ON 13 MARCH 1985

Prime Minister	Vice-President Bush
Sir G. Howe (for some of the time)	Secretary Shultz
Sir I. Sutherland	Ambassador Hartman
Mr. C.D. Powell	Assistant Secretary Burt
Mr. N. Broomfield (FCO)	Mr. Matlock (NSC)
	Mr. Gray (Deputy Chief of Staff to the Vice- President)
	Mr. Gregg (NSC Adviser to the Vice-President)
	Mr. Clark (US Embassy)

Mozambique: Nkomati Accord

The Prime Minister said she had just been talking to President Machel. He was in some difficulty. He thought that the South Africans were supporting Renamo and that the Nkomati Accords were in danger. Mr. Shultz said that the Americans had been in touch with the South Africans and thought that they had succeeded in getting the South African Government to see that it would not be in their interests for Nkomati to fail. The Prime Minister said that we would support this line with the South Africans.

Arms Control

The Prime Minister said she had been grateful for the President's message on the Strategic Defence Initiative. She expected Mr. Gorbachev to raise the matter with her and wanted to check the line which she intended to take with him. She had noted that the words used by Gorbachev in his acceptance speech on 12 March about the abolition of nuclear

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weapons were very close to those used by President Reagan. Her fear was that the Soviet Union might try to take the initiative at Geneva which so far had rested with President Reagan based on the resoluteness of the Alliance. Her basic approach would be that there was no way an agreement could be reached on research. When and if it came to deployment then this fell within the 1972 ABM Treaty. It seemed to her that the thing to do would be for both sides to reaffirm the ABM Treaty. She had noted the expression used in the President's recent letter about "stopping the erosion of the 1972 Treaty". She would also make it clear to Gorbachev that there was no possibility of dividing the UK from the US.

In commenting on the Geneva talks the Prime Minister asked whether the US would start by explaining their ideal of stopping the possibility of nuclear war and then go on to probe the Soviet position. Her fear was that the Russians might propose cuts on ICBMs and intermediate nuclear weapons and then make these hostage to some agreement on space. She did not yet know how the Americans intended to deal with this.

Mr. Shultz said that the ABM Treaty contained a provision in which either side could give notice if they were not satisfied with it. Saying that they were continuing to abide by the Treaty was not the same as saying that the US would never deploy defensive weapons unless all parties agreed to it. He thought that in speaking to Gorbachev the Prime Minister should stand on the four points she had agreed with the President. This was firm ground.

As far as the Geneva talks were concerned Mr. Shultz said that he expected some procedural wrangling. The Russians were saying that there should be five or six plenary sessions in which all the proposals should be put on the table before dividing into working groups. The US preference was to go straight into working groups. He expected the

sides to go round this problem for a while but hoped that it would be resolved without too much delay.

The Prime Minister asked how the US intended to tackle space at Geneva. Mr. Bush said there was much to talk about. Mr. Shultz added that he had taken some trouble at the first Geneva meeting to be precise on this point with Gromyko. Space included anything on the ground capable of being fired into space, for example the Soviet Galosh system. The US would talk about the erosion of the ABM Treaty. This would be going beyond the normal discussion in the ABM verification panel. Instead of simply drawing attention to a problem like the Krasnoyarsk radar, the Americans wanted to discuss with the Russians what should be done about it.

Mr. Bush reiterated the advice that in her discussions with Gorbachev the Prime Minister should stick to the principles of her common declaration with the President. Gromyko had been told that the Americans were not seeking superiority. (Mr. Burt interjected that the President had said this to Scherbitsky during his recent visit to Washington.) But thought needed to be given to the position if a greater element of defence was present in the US mix. The Prime Minister agreed that she would stick broadly to the Camp David statement. Both sides were doing research. If it came to deployment that would be the time to take decisions. Mr. Shultz said that the Russians were worried on two counts. There was a possibility of the US developing a defence system which the Russians did not have. They were also uncertain about what might happen if the US and other Western scientists and engineers turned their attention to defensive technology. The Prime Minister commented that the Russians judged everyone by their own standards. They could not understand that the Americans were sincere in what they said. Mr. Shultz said that the Prime Minister's speech to Congress had attracted a great deal of attention in the United States and had a ripple effect.

Lebanon

The Prime Minister said that things were going badly. Israel had retaliated too hard and there had been much criticism of her activities the previous day in Parliament. Mr. Shultz replied that Israel was trying to negotiate a withdrawal, but the Lebanese were refusing to negotiate. The Prime Minister said that the Israelis were clearly not responsible for the bomb explosion in Beirut. Mr. Shultz said that the US had appreciated the UK's efforts over the recent resolution in the UN. When terrorists tried to dictate how countries voted it was time to stand up to them firmly. The US had been revolted by France's last minute move. The Prime Minister agreed that it had been impossible to support the UN resolution. That was why we had abstained. The Israelis would now have to complete their withdrawal. The result would be that they would once again have to defend their northern villages. Mr. Shultz said that an unnegotiated withdrawal was a recipe for continued violence. But the Syrians were not prepared to negotiate and would not let the Lebanese negotiate. The Prime Minister added that, having let the terrorist genie out of the bottle the Syrians would not find it easy to get it back in again.

Egypt

Mr. Bush asked how the Prime Minister saw the latest Jordanian/Egyptian initiative. The Prime Minister replied that the critical point was for King Hussein to get agreement from the PLO on Resolution 242. But there was no evidence of this yet. There were even some contradictory statements. The only way forward was to get some non-PLO Palestinians to represent the West Bank.

Mr. Shultz said that President Mubarak had not, during the first part of his Washington visit, pressed the US Administration to receive a joint Jordanian/Palestinian

delegation. The US view was that President Mubarak's efforts were helpful in creating some movement towards Resolution 242. The Americans were trying to encourage this. Their tactics were to say that they would be glad to help but those on the spot had to show that there was something concrete to help with. The Prime Minister said that we were giving encouragement to King Hussein. That was where the key to a solution lay. Mr. Shultz suggested that the line to take with President Mubarak might be to say that to the extent that he was able to warm up Egypt's relations with Israel, he would be doing something for the peace process. He understood President Mubarak's difficulties about Taba, civil rights and his desire to see Israel out of Lebanon. But any encouragement for Egypt to improve relations with Israel would help the peace process.

Laker

The Prime Minister said that agreement had been reached with Exim over Laker, which she hoped would stick with other creditors. We were grateful to the Administration for their help. Mr. Shultz referred to his own and the President's personal interventions. He too hoped that the Exim agreement would hold. The best course was to go quietly about our business. If it all came out publicly, a number of other creditors might emerge from the woodwork. The object was to do the job quietly and then get on with liberalising the air services regime. The Prime Minister agreed that a quite approach would be best. There remained the problem of the class actions. But once the problems in this area had been settled, she shared the aim of resuming negotiations on liberalisation.

Gorbachev

Mr. Bush asked for the Prime Minister's views on Gorbachev. The Prime Minister said she expected him to gain

ascendancy over the Politburo quite rapidly. He had the ability, the personality and the will. Nevertheless, the fundamental problem of Soviet society still remained. Gorbachev wanted more initiative but without any deviation from the system. He was formed by the system. He could not envisage other concepts. He would probably go the same way as Andropov in trying to make the existing system work better.

Afghanistan

The Prime Minister said that both the US and UK were helping in Afghanistan. But the UK concealed it better. When she had seen President Zia earlier, he had expressed concern about the tougher measures being taken by the Russians against the resistance in Afghanistan. He had also noted that the public Western approach was not as forceful as it had been previously. We should all try and do more about this. President Zia had also mentioned the problem of drugs in Afghanistan which were being exported through Afghanistan. Mr. Bush said that the US had asked the Indians to consider whether they could do anything about Afghanistan. Indira Gandhi had always refrained from this. If Mr. Gandhi could publicly encourage the Russians to withdraw, it would be a big step forward. But this was probably too difficult for him. The Americans thought they might have opportunities for improving their relations with Rajiv Gandhi. They had stressed that US support for Pakistan was not to the detriment of India. The Prime Minister agreed that Pakistan would never attack India. They did not have the necessary means. Mr. Shultz thought there might be real prospects of India and Pakistan moving closer together.

Exchange Rates

The Prime Minister noted that the gyrations between the dollar and the pound and other European currencies were

continuing. She thought that Congress would have a go at the US deficit and that the President might get about two-thirds of the reduction which he sought. Mr. Shultz thought that the Administration would succeed in making a real dent in the deficit. Mr. Bush commented that the first test on agriculture had not been hopeful. The Democrats were playing pure politics on this issue. But the President had stepped straight in with a veto.

US/Soviet Relations

Mr. Bush said that he would not wish to end the meeting without informing the Prime Minister that when he met Gorbachev later in the evening he would be conveying to him a letter from President Reagan with an invitation to visit the US. The Americans hoped this could be soon this year. The intention had been to keep this a private invitation but there had already been speculation in the US press.

Sir G. Howe asked if the Americans intended to publicise the invitation. Mr. Shultz replied that this was not the intention. Mr. Bush added that unless the Russians wished to make it public, he would, at his press conference after meeting Gorbachev, refrain from confirming that an invitation had been extended. He would say only that the President would welcome a meeting with Gorbachev soon.

The meeting ended at 1715 hours.

CDP

14 March 1985