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PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No. T.155/82

CAB/WTE001/30

IMMEDIATE 301650Z JUL 82
FM CABINET OFFICE
TO WHITE HOUSE

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C O N F I D E N T I A L

TELEGRAM NUMBER MISC 176 DATED 30 JULY 1982.

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT REAGAN.

DEAR RON,

THANK YOU FOR YOUR MESSAGE OF 2 JULY.

I NOTE WHAT YOU SAY ABOUT JOHN BROWN ENGINEERING. I HAVE NO DOUBT THAT MY ANXIETIES ON THAT SCORE ARE ONLY TOO WELL FOUNDED. IF DIFFERENT ACCOUNTS HAVE REACHED YOU, THIS COULD BE BECAUSE THE COMPANY MUST NATURALLY BE CAREFUL NOT TO ENCOURAGE DOUBTS IN THE UNITED STATES ABOUT ITS OWN FUTURE STABILITY. I CAN ONLY REITERATE MY VERY SERIOUS CONCERN ABOUT THE OUTLOOK FOR THIS BRITISH COMPANY IF IT IS PREVENTED FROM EXPORTING THE EQUIPMENT WHICH IT IS UNDER CONTRACT TO SUPPLY. IT IS BECAUSE OF THIS THAT WE SHALL HAVE NO OPTION BUT TO FOLLOW THE PROVISIONS OF OUR LEGISLATION TO PROTECT THE INTERESTS OF JOHN BROWN ENGINEERING AND OTHER BRITISH COMPANIES WITH EXISTING CONTRACTS.

YOU WILL KNOW FROM OUR TALKS TOGETHER THAT I BELIEVE, AS A MATTER OF PRINCIPLE, THAT EXISTING COMMERCIAL CONTRACTS SHOULD BE HONOURED. I SHOULD LIKE TO STRESS THAT WE ARE TAKING, AND WILL CONTINUE TO TAKE, NO MORE THAN THE ABSOLUTE MINIMUM ACTION. I AM VERY ANXIOUS THAT THIS MATTER SHOULD NOT BE ALLOWED TO ESCALATE AND THUS BECOME A SERIOUS IRRITANT IN OUR RELATIONS. THIS IS WHY WE ARE LIMITING OUR ACTIONS IN THE WAY THAT WE ARE. I WOULD VERY MUCH HOPE THAT YOUR ADMINISTRATION WILL BE ABLE TO RESPOND IN THE SAME SPIRIT.

ON THE BROADER ISSUES, I DO NOT THINK THERE IS MUCH DIFFERENCE BETWEEN US. I DO AGREE WITH YOU ABOUT THE NEED FOR THE AUTHORITIES IN POLAND TO RETURN TO A COURSE OF RECONCILIATION AND REFORM. FOLLOWING THE DECLARATION BY THE NORTH ATLANTIC COUNCIL ON 11 JANUARY, WE OURSELVES ANNOUNCED MEASURES ON 5 FEBRUARY DIRECTED AGAINST POLAND AND AGAINST THE SOVIET UNION. OF COURSE, WE MUST CONTINUE TO WORK TOGETHER CLOSELY. OUR TASK WILL NOW NEED TO BE TO CONSIDER FURTHER WITH OUR NATO PARTNERS THE RELATIONSHIP BETWEEN THE LATEST RELAXATIONS ANNOUNCED BY GENERAL JARUZELSKI ON 21 JULY AND THE OBJECTIVES WE HAVE SET OURSELVES.

THE QUESTION OF ECONOMIC RELATIONS WITH THE EAST CERTAINLY NEEDS TO BE DISCUSSED FURTHER. FRANCIS PYM HAS JUST HAD MOST USEFUL TALKS ON THE SUBJECT WITH GEORGE BUSH AND GEORGE SHULTZ, WHICH WE LOOK FORWARD TO FOLLOWING UP. THE ALLIANCE, AND THE WEST AS A WHOLE, NEED AN AGREED AND UNITED STRATEGY FOR EAST/WEST ECONOMIC RELATIONS. WE SHALL BE HAPPY, INDEED ANXIOUS, TO WORK WITH YOU TO PROMOTE THIS.

YOURS EVER

MARGARET

NNNN

Soviet Union



Foreign and Commonwealth Office

London SW1A 2AH

11 August 1982

JB
r/y

Tim Flesher Esq
10 Downing Street
London SW1

Dear Tim,

We discussed the message which the Prime Minister received yesterday from President Reagan. This is to confirm that we see no need for the Prime Minister to reply.

Yours ever,

S M J Lamport
Private Secretary to Mr Hurd

SUBJECT

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FM THE WHITE HOUSE
TO CABINET OFFICE LONDON
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see **PRIME MINISTER'S**
PERSONAL MESSAGE
SERIAL No. T158/82
Prime Minister's
only Clerk
9/8/82
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DEAR MARGARET:

I MUCH APPRECIATE YOUR JULY 30 LETTER ON THE SUBJECT OF JOHN BROWN ENGINEERING AND THE CONSTRUCTIVE FRAMEWORK IN WHICH YOU HAVE PLACED OUR DIFFERENCES CONCERNING THE SANCTIONS ISSUE. I AM IN THOROUGH AGREEMENT WITH YOU THAT ON THE BROADER SECURITY CONCERNS POSED BY SOVIET BEHAVIOR AND THE CRISIS IN POLAND WE THINK ALIKE. IN CASES WHERE WE DO DISAGREE, I BELIEVE THAT YOUR LETTER EXEMPLIFIES THE TONE AND SPIRIT WHICH OUGHT TO GUIDE U.S.-U.K. RELATIONS.

cc master
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Middle East situation
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LET ME ADD HOW MUCH I ALSO APPRECIATED YOUR JULY 29 LETTER AND THE INFORMATION YOU SHARED WITH ME ON YOUR TALKS WITH KING HUSSEIN. THESE VIEWS PROVIDED TIMELY BACKGROUND FOR MY OWN MEETING LAST WEEK WITH EGYPTIAN FOREIGN MINISTER KAMAL HASSAN ALI, AND WITH HIS ISRAELI COUNTERPART, FOREIGN MINISTER YITZCHAK SHAMIR, ON MONDAY.

THE TALKS WITH ALI WERE USEFUL, ALTHOUGH THE EGYPTIANS HAVE HARDENED THEIR POSITION TOWARD ACCEPTING PLO FIGHTERS. ALI'S PRESENTATION WAS SIMILAR TO HIS EXCHANGE WITH FRANCIS PYM, AS HE EMPHASIZED THE NEED TO SEIZE THIS MOMENT TO RESOLVE THE PALESTINIAN PROBLEM IN ALL ITS-ASPECTS. WHILE MUCH OF THE U.S. AND EGYPTIAN THINKING ON THE MIDDLE EAST IS CONGRUENT, WE DO DISAGREE WITH ALI'S VIEW THAT THE SOLUTION TO WEST BEIRUT SHOULD BE EXPLICITLY LINKED TO THE BROADER PALESTINIAN PROBLEM.

AS FOR THE MEETING WITH FOREIGN MINISTER SHAMIR, I MADE CLEAR TO HIM HOW STRONGLY WE FEEL ABOUT THE DISPROPORTIONATE AND INDISCRIMINATE ISRAELI ATTACKS ON WEST BEIRUT. I ALSO EMPHASIZED OUR OPPOSITION TO ISRAELI PRESSURE TACTICS INVOLVING THE CUT-OFF OF FOOD, WATER, ELECTRICITY AND MEDICAL SUPPLIES. SHAMIR REITERATED THE ISRAELI POSITION THAT SUCH TACTICS WERE NECESSARY IN ORDER TO ENSURE PLO WITHDRAWAL. I RESPONDED THAT SUCH ACTS, IN CONJUNCTION WITH CONTINUING LEVELS OF EXCESSIVE VIOLENCE, WERE MAKING IT IMPOSSIBLE FOR PHIL HABIB TO EXTRACT THE PLO BY DIPLOMATIC MEANS AND THAT THIS COULD HAVE THE GRAVEST POSSIBLE CONSEQUENCES FOR OUR OWN BILATERAL RELATIONSHIP WITH ISRAEL.

CLEARLY THE ROAD AHEAD REMAINS FRAUGHT WITH DANGER, BUT

END OF PAGE 01

I SEE NO ALTERNATIVE TO WORKING AS HARD AS WE CAN TO BRING ABOUT THE WITHDRAWAL OF THE PLO FROM LEBANON, AS WELL AS ALL OTHER FOREIGN FORCES, AND A RETURN TO CONDITIONS WHICH WILL PERMIT THE LEBANESE TO FUNCTION AS AN INDEPENDENT PEOPLE AND GOVERNMENT.

SINCERELY,

RON

THE RIGHT HONORABLE
MARGARET THATCHER
10 DOWNING STREET
LONDON
0464
05384

NNNN

DE CAB QSL 0918466Z AT 19577 Z IDS