



PM/84/11

PRIME MINISTERVisit of Mr Shultz: 15/16 January

1. I shall be seeing Secretary of State Shultz at lunch and during the afternoon of Sunday 15 January and will then come with him to your meeting at 5.00 p.m. The enclosed briefs set out the ground which I think it will be most useful to cover with him. But I see this mainly as a chance, which we have not had in recent months, to talk at leisure about the world and to get inside each other's minds.

2. I do not propose to tackle George Shultz about transatlantic relations as such - I think enough has probably been said on this subject recently. He will have in mind, as we have, the thought that in a year when we have the US Presidential elections and a fairly difficult collection of international problems to deal with, our relations are going to need extra careful management. The same thought may also lie behind Vice-President Bush's wish to come and see you on 9 February. FCO and other Ministers will also be seeing Mr Dam when he comes over for a Wilton Park Conference in March and you will of course be seeing President Reagan at the time of the June Summit. This adds up to a very satisfactory programme of Anglo-American contacts in the first half of 1984.

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3. I think we shall find that Shultz's main concerns will be East/West relations, including the various aspects of arms control, and the situation in the Middle East. You may wish to concentrate on these subjects when you see him, even though he and I will probably have touched on them at our own meeting beforehand. As you know, Shultz is on his way to the CDE, where he and I will both meet Gromyko. I see the meeting in London as an opportunity for a thorough look at the Soviet Union and at our policies towards it, including the question how best to work for a more constructive relationship at a time when Russia seems to be both sulking and (in your own expression) rudderless by reason of Andropov's illness.

4. On the Middle East I shall be able to speak about my visit to the region and the prospects for peace in Lebanon and between Israel and the Arab world. I think we should stress the importance of working to create conditions which would allow the MNF to be withdrawn soon, and discuss tactics for securing greater involvement by the UN. On Arab/Israel you may wish to reinforce the point in your letter to President Reagan before Christmas about the dangers for King Hussein of continuing deadlock in the peace process: my contacts in the region this week have only underlined this.

5. We shall also wish to emphasise the importance of keeping in very close touch over contingency planning against an escalation of the Iran/Iraq war, and draw attention to the dangers of US over-reaction to Iranian provocations.

6. I do not envisage spending much time on other current international political items, although Shultz himself may have points to raise, for example about the Kissinger report

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on Central America. I shall take the opportunity to touch briefly on certification of human rights in Argentina and possible arms supplies: the Americans know our views on the substance, and the best way of keeping them up to the mark on consultation may be by recording our appreciation of the efforts they made in handling the question of certification. I do not think I should go into any detail with Shultz on wqys in which we might be following up your exchange of messages with President Alfonsin: the Americans are well aware that sovereignty cannot be on the agenda, and that we envisage a practical, step-by-step approach (we shall be discussing this soon in OD). I hope that there will be no need for you to discuss the Falklands with Shultz. But if the course of his discussion with me suggests that this would be useful, I could raise the subject again in our joint meeting.

7. On economic matters, in addition to the more substantive international items, I would expect to take note of progress in the discussions now under way on the continuing problems which are primarily bilateral in impact such as extra-territoriality and unitary taxation. These also would probably not need to take up any time in your own meeting.

A handwritten signature in blue ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

13 January 1984