

SUBJECT.

cc MASTER bc PC



10 DOWNING STREET

From the Private Secretary

26 January 1985

Dear Colin,

PRIME MINISTER'S MEETING WITH THE NETHERLANDS
PRIME MINISTER AT CHEQUERS ON 26 JANUARY

The Prime Minister held talks with the Netherlands Prime Minister at Chequers on 26 January. Mr Lubbers was accompanied by the Netherlands Foreign Minister, the Netherlands Ambassador, Dr Posthumus Meyjes and Dr Merckelbach. The Foreign Secretary and Mr Williamson were also present.

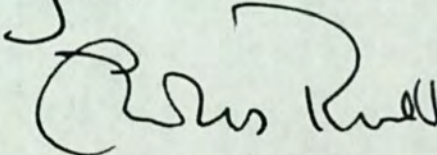
The Prime Minister had a tête-à-tête discussion with Mr Lubbers before lunch, while the Foreign Secretary held a separate meeting with Mr van den Broek. This was followed by a lunch and a plenary session. This letter records the Prime Minister's tête-à-tête and encloses a record of the plenary session. Mr Williamson will be recording the meeting between the Foreign Ministers.

The Prime Minister and Mr Lubbers had a brief discussion of East/West relations. The Prime Minister described her meeting with Mr Gorbachev and her subsequent discussions with President Reagan about the Strategic Defence Initiative. This led on to a discussion of INF during which the Prime Minister told Mr Lubbers of our concern at the possibility that the Belgian Government would postpone deployment of cruise missiles. Mr Lubbers said that the issue had been badly mishandled in Belgium. A decision on the timing of elections had been taken without anyone considering how the government's prospects might be affected by the Cruise issue. It would now be difficult for the Belgian Government to stick to the planned timetable for cruise deployment. He had some qualms as to how a decision by Belgium to delay deployment might affect the final decision by the Netherlands due at the end of the year, but appeared to believe that this could be contained.

Mr Lubbers raised the question of Sleipner gas, saying that he understood that Britain would not now be signing an agreement with Sleipner. He was astounded by how inflexible the Norwegians had been. The Netherlands were currently engaged in concluding contracts with a number of other countries, but additional quantities for the United Kingdom would be available if required. We would find the Netherlands more flexible than Norway though there would need to be agreement on minimum volume to justify a pipeline to the UK.

A number of Community issues were discussed briefly. Mr Lubbers asked about the line Chancellor Kohl had taken on the CAP price fixing when the Prime Minister had met him on 18 January. He and the Prime Minister agreed on the need for a restrictive price policy. They also agreed on the need to stand firm on IMPS though Mr Lubbers was exercised about the risk that Greece would carry though its threat to block enlargement. There was a brief discussion of the Dooge Committee, pursued more fully in the later plenary session. Mr Lubbers urged that the United Kingdom should join the EMS and argued that sterling would have been under less pressure in recent weeks had it been within the snake. He argued that logically there ought to be a parallel between the effect of oil prices on sterling and gas prices on the guilder but that in practice the guilder was protected from the worst of these pressures by Dutch membership of the EMS. The Prime Minister said that she remained ready to consider Britain joining the EMS at the right moment but this was not it.

I am sending copies of this letter and enclosure to Rachel Lomax (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Richard Mottram (Ministry of Defence), Michael Reidy (Department of Energy: letter only) and David Williamson (Cabinet Office).

Yours sincerely,


(Charles Powell)

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Foreign and Commonwealth Office.