

WONFOO35/14

HD/NAD

PS
PS/PUS

MR LODDALL
MR FERCUSSON

SIR W HARDING

~~MR MARSHALL (NAD)~~

MOD

CABINET OFFICE (2)

10 DOWNING ST (MR POWELL)

IMMEDIATE

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ADVANCE COPY

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TO IMMEDIATE F C O

TELEGRAM NUMBER 512 OF 13 FEBRUARY

INFO IMMEDIATE MODUK, ROUTINE UKDEL NATO

INFO SAVING UKMIS NEW YORK, BONN, PARIS.

MY 2 IPTS: PRIME MINISTER'S VISIT: FOREIGN POLICY ISSUES.

1. THE MAIN FOREIGN POLICY FOCUS OF THE VISIT WILL BE THE SEMINAR ON ARMS CONTROL IN WHICH YOU, THE PRIME MINISTER AND THE DEFENCE SECRETARY WILL PARTICIPATE AFTER LUNCH WITH THE PRESIDENT ON 20 FEBRUARY. OTHER IMPORTANT AREAS FOR DISCUSSION WILL BE THE MIDDLE EAST, CENTRAL AMERICA, SOUTHERN AFRICA, THE FIGHT AGAINST TERRORISM AND THE TRAVAILS OF ANZUS. U S INTEREST IN ANGLO-IRISH RELATIONS WILL CERTAINLY SURFACE.

ARMS CONTROL

2. IN THE TWO MONTHS SINCE THE PRIME MINISTER MET THE PRESIDENT AT CAMP DAVID, THE CLEAR DISTINCTION THEN DRAWN BETWEEN THE SDI RESEARCH PROGRAMME, WHICH THE MAIN ALLIES AND MOST DOMESTIC POLITICIANS NOW SUPPORT, AND THE TESTING AND DEPLOYMENT OF DEFENSIVE WEAPONS, WHICH RAISES SERIOUS DOUBTS AT HOME AND DIFFICULTIES WITH THE ALLIES, HAS BECOME THE CONVENTIONAL WISDOM. IT IS IMPORTANT TO KEEP IT THAT WAY AND TO AVOID LETTING FURTHER DISCUSSION OF THE SDI BLUR OR FUDGE THE FOUR POINTS THEN AGREED. AS YOU KNOW I HOPE THE PRIME MINISTER WILL INDICATE THAT WE WOULD LIKE THE ADMINISTRATION TO OPEN THE DOOR TO BRITISH FIRMS AND RESEARCH ESTABLISHMENTS TO PARTICIPATE IN THE SDI RESEARCH PROGRAMME. WEINBERGER'S RECENT SPEECHES IN EUROPE CONFIRM THAT SUCH AN APPROACH WOULD BE WELCOME HERE.

3. BUT ATTENTION ON THIS OCCASION SHOULD, I THINK, BE CENTRED MAINLY ON THE GENEVA NEGOTIATIONS, NOW LESS THAN A MONTH AWAY. THE ADMINISTRATION'S STRATEGY FOR BRINGING ABOUT OUR SHARED OBJECTIVE OF BALANCED AND VERIFIABLE REDUCTIONS IN OFFENSIVE NUCLEAR WEAPONS WILL NEED DISCUSSION. IT WILL BE IMPORTANT TO AVOID GIVING ANY IMPRESSION OF TEACHING GRANDMOTHERS TO SUCK EGGS. BUT THE ADMINISTRATION ARE CONCERNED TO CARRY THE ALLIES WITH THEM, AND WILL VALUE OUR VIEWS. IT WOULD BE GOOD, IN THIS CONTEXT, TO UNDERLINE TO THE PRESIDENT THE IMPORTANCE OF MAKING EVERY EFFORT TO SECURE PROGRESS IN INF ARMS CONTROL EVEN IN THE FACE OF LIKELY DIFFICULTIES ON STRATEGIC AND DEFENSIVE SYSTEMS.

4. OUR EFFORTS TO PERSUADE THE ADMINISTRATION TO MODERATE THEIR POSITION ON CW CHALLENGE INSPECTION WILL BE BEST PURSUED IN THE CONTEXT OF OUR SUPPORT FOR THE OVERALL ARMS CONTROL EFFORT. IT SHOULD ALSO BE ADDRESSED AS ONE ASPECT OF OUR APPROACH TO THE OVERALL CW PROBLEM, INCLUDING THE MODERNISATION ASPECT, RATHER THAN AS A SEPARATE TECHNICAL ISSUE WHICH THE PRESIDENT MAY NOT FEEL INCLINED TO ADDRESS. THE PRESIDENT'S BRIEF ON THIS SUBJECT WILL BE WRITTEN PRIMARILY IN DOD, AND IS UNLIKELY TO BE HELPFUL TO US.

MIDDLE EAST.

5. THE AMERICANS REMAIN RELUCATANT TO PLAY A MORE ACTIVE ROLE IN THE PEACE PROCESS. THEIR (AND EVERYONE ELSE'S) EFFORTS IN LEBANON HAVE RUN INTO THE SANDS AND THIS WILL HAVE CONFIRMED SHULTZ'S DISTASTE FOR ACTIVISM IN THE REGION. THE DECISION TO STALL ON ARMS SALES IS A CLEAR SIGN THAT THE ADMINISTRATION WANT TO AVOID A MIDDLE EAST ROW ON THE HILL WHILE THEY HAVE SO MANY OTHER IRONS IN THE FIRE. THEY MAINTAIN THAT THEIR RELATIONS WITH KING HUSSEIN ARE NOW IMPROVED FROM LAST YEAR'S NADIR, AND THAT HE AGREES WITH THEIR CURRENT TACTICS OF REMAINING AT A DISTANCE FROM HIS DIALOGUE WITH ARAFAT.

6. BUT A TOTALLY "HANDS OFF" POLICY IS NEVER FOR LONG A REAL OPTION FOR THE UNITED STATES. THE SUCCESSION OF MIDDLE EAST VISITORS TO WASHINGTON CREATES A DYNAMIC OF ITS OWN. MUBURAK'S VISIT IN EARLY MARCH SEEMS LIKELY TO MARK AN IMPORTANT STAGE IN THE JORDAN/PLO DIALOGUE. SHULTZ REMAINS DETERMINED TO OPERATE ONLY ON U S TERMS: I E ESSENTIALLY THAT KING HUSSEIN BE WILLING TO ENTER DIRECT NEGOTIATIONS WITH ISRAEL ON THE BASIS OF SCR 242, AND THAT THE U S ADMINISTRATION NOT BE REQUIRED TO PUT PRESSURE ON ISRAEL. WE NEED TO PREPARE THE GROUND FOR A MORE FLEXIBLE AND POSITIVE U S RESPONSE IF, AS IS ALL TOO LIKELY, HUSSEIN AND ARAFAT PRODUCE THE SORT OF AGREEMENT THE AMERICANS DO NOT MUCH LIKE.

CENTRAL AMERICA

7. AMERICAN POLICY ON CENTRAL AMERICA IS IN THE DOLDRUMS AND THE SITUATION ON THE GROUND IS GETTING NO BETTER. THE PRESIDENT SEEMS DETERMINED TO EMBARK ON A FURTHER CONFRONTATION WITH CONGRESS OVER FUNDING THE CONTRAS: IT WILL AT BEST PROVIDE A SUM INADEQUATE TO ACHIEVE THE OBJECTIVES OF THOSE WHO WANT TO SEE THE SANDINISTAS BROUGHT LOW AND AT WORST GIVE A MAJOR BOOST TO SANDINISTA MORALE AND PROPAGANDA. BUT THERE IS NO QUESTION OF THE U S QUITTING IN CENTRAL AMERICA. THE SUMS EARMARKED IN THE 1986 BUDGET FOR HELPING AMERICA'S FRIENDS IN THE REGION ARE LARGER THAN EVER. THE REALITY IS THAT THIS IS A LONG HAUL.

8. I AM NOT SURE WE HAVE A GREAT DEAL TO CONTRIBUTE TO DISCUSSION AT THIS STAGE. WE CANNOT REALLY APPROVE THE FUNDING OF THE CONTRAS, BUT NOR DOES IT MAKE MUCH SENSE TO ARGUE AGAINST IT. WE CAN REITERATE OUR FIRM SUPPORT FOR U S OBJECTIVES IN THE REGION WHILE MAKING IT CLEAR THAT WE CANNOT ALWAYS BACK THE MEANS THEY USE. WE SHOULD CONTINUE TO EMPHASISE THE IMPORTANCE OF KEEPING ALIVE AND EDGING FORWARD THE CONTADORA PROCESS. WITHOUT IT THEY (AND WE) WILL FACE MUCH MORE UNPALATABLE CHOICES.

SOUTHERN AFRICA

9. THE PRESIDENT'S POLICY OF CONSTRUCTIVE ENGAGEMENT, WHICH WE

SOUTHERN AFRICA

9. THE PRESIDENT'S POLICY OF CONSTRUCTIVE ENGAGEMENT, WHICH WE SUPPORT AND TO SOME EXTENT EMULATE, IS TAKING A GOOD DEAL OF DOMESTIC CRITICISM. CONCERN ABOUT SOUTH AFRICA, AND SUPPORT FOR ECONOMIC SANCTIONS, IS GROWING, INCLUDING ON THE HILL, BUT THE ADMINISTRATION SEEMS DETERMINED TO HOLD THE LINE. CROCKER'S EFFORTS TO NEGOTIATE NAMIBIAN INDEPENDENCE AND CUBAN WITHDRAWAL FROM ANGOLA CONTINUE AND ARE AT A CRUCIAL STAGE. THEY DESERVE OUR CONTINUED SUPPORT AND I HOPE THAT CRITICISMS OF OUR "INACTIVITY" WILL NOT DIVERT US FROM GIVING IT.

TERRORISM

10. SHULTZ AND WEINBERGER HAVE STOPPED SWAPPING PHILOSOPHICAL DEBATING POINTS ABOUT RETALIATION, AND THE PRESIDENT'S DISTASTE FOR LASHING OUT IS THE DETERMINING FACTOR. BUT THE AMERICANS ARE DETERMINED TO STEP UP COOPERATION BETWEEN THE ALLIES IN THIS FIELD. THEY WELCOME OUR SUPPORT BOTH BILATERALLY AND MULTILATERALLY. I HOPE WE WILL BE ABLE TO BACK THEIR EFFORTS TO STRENGTHEN THE BONN DECLARATION ON HIJACKING. BY AGREEING TO RENEGOTIATE OUR BILATERAL EXTRADITION TREATY TO REMOVE THE POLITICAL OFFENCE LOOPHOLE, THEY ARE TAKING STEPS TO DRAW ONE OF THE MOST PAINFUL AND POISONOUS THORNS IN OUR RELATIONSHIP. I AM SURE YOU AND THE PRIME MINISTER WILL WISH TO THANK THEM VERY WARMLY FOR THIS STEP, WHICH WILL REQUIRE A WHOLEHEARTED ADMINISTRATION EFFORT ON THE HILL IF IT IS TO BE BROUGHT TO A SUCCESSFUL CONCLUSION.

ANZUS

11. A CONSIDERABLE FUPORE HAS BLOWN UP OVER NEW ZEALAND'S POLICY ON SHIP VISITS. MURPHY'S LAW HAS BEEN WORKING OVERTIME; AND A COMBINATION OF BAD LUCK, BAD TIMING AND BAD MANAGEMENT HAS LED TO A SITUATION IN WHICH BRINGING ABOUT A CHANGE IN NEW ZEALAND'S POLICY IS MADE MUCH MORE DIFFICULT TO ACHIEVE. BUT AS THE U S SEE IT, DOING NOTHING BY WAY OF REACTION COULD HAVE REALLY SERIOUS SIDE-EFFECTS ELSEWHERE IN THE PACIFIC (JAPAN, AUSTRALIA) AND ALSO IN EUROPE (WHERE MR KINNONCK'S COMMENDATION OF NEW ZEALAND POLICY WILL NOT HAVE ESCAPED NOTICE).

12. THE CASE FOR NOT MONKEYING ABOUT WITH THE INTELLIGENCE RELATIONSHIP AS A MEANS OF RETALIATION IS A COMPELLING ONE, AND WE ARE ALREADY PUTTING IT HERE. BUT IF WE ARE TO HAVE ANY INFLUENCE ON U S POLICY AS IT EVOLVES I THINK WE WILL NEED TO DEMONSTRATE THAT OUR OBJECTIVE - LIKE THEIRS - IS TO WORK FOR A CHANGE IN NEW ZEALAND'S POLICY, NOT JUST TO SHIELD THE NEW ZEALANDERS FROM THE CONSEQUENCES OF THEIR PRESENT ONE.

NORTHERN IRELAND

13. THIS WILL BE MORE OF AN ISSUE IN CONTACTS ON THE HILL THAN IN THE TALKS WITH THE ADMINISTRATION. MR HURD'S VISIT IN MARCH WILL BE A VALUABLE OPPORTUNITY TO EXPLAIN THE REALITIES OF THE SITUATION AND THE EFFORTS WE ARE MAKING TO IMPROVE IT. THE INTEREST HERE IS NOT SO MUCH IN THE DETAILED FACTS AS IN THE TONE WITH WHICH WE ADDRESS THEM. SUPPORT FOR DR FITZGERALD, AND THE WISH TO BE REASSURED THAT WE ARE SERIOUSLY COOPERATING WITH HIM, ARE VERY STRONG. I HAVE SUGGESTED A PASSAGE FOR INSERTION IN THE P.M.'S SPEECH TO CONGRESS WHICH I BELIEVE CAN MORE THAN HOLD THE POSITION HERE.

HERE.

14. ADVANCE COPIES TO POWELL (NO 10): PS/S OF S, PS/PUS,
GOODALL, FERGUSSON, HRDING, MARSHALL (MAD) FCO: PS/ S OF S,
DUS(P), DACU, MOD: HADFIELD, CARTLEDGE (CABINET OFFICE).

F C O PASS SAVING TO BONN AND PARIS.

WRIGHT

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