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SECRET

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S/S PLEASE PASS TO THE SECRETARY'S PARTY

FOR THE SECRETARY FROM AMBASSADOR PRICE

E.O.12356: DECL: OADR
TAGS: OTRV (SHULTZ, GEORGE), UK
SUBJECT: YOUR MEETING WITH THATCHER: 6:45 P.M.
- JUNE 7

1. SECRET - ENTIRE TEXT.
2. DOWNING STREET TELLS US THATCHER WANTS TO RAISE THE MIDDLE EAST, SALT II OBSERVANCE, AND W79 SHELLS.

MIDDLE EAST

3. THATCHER BELIEVES HUSSEIN'S INITIATIVE IS A UNIQUE OPPORTUNITY TO GET THE PEACE PROCESS BACK ON THE RAILS. SHE APPRECIATES OUR EFFORTS TO SUPPORT HUSSEIN, AND WILL ENCOURAGE YOU TO STICK TO THE PRESENT COURSE, BUT TO MOVE FAST LEST WE LOSE MOMENTUM.

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4. THATCHER SAW SHAMIR ON JUNE 4 AND LECTURED HIM ON THE NEED TO SEIZE THE MOMENT, EVEN IF IT MEANS PFALING WITH THE PLO. SHAMIR SAID ISRAEL WILL NEVER NEGOTIATE WITH PLO (OR PNC). THE EXCHANGE WAS CANDID BUT AMICABLE. THATCHER WILL SEE HUSSEIN JUNE 7 (BEFORE YOU ARRIVE) AND PROBABLY TELL HIM SHE WILL SUPPORT HIS EFFORTS WITH YOU AND THE PRESIDENT.

SALT II OBSERVANCE

REVIEW AUTHORITY: Robert Homme, Senior Reviewer

5. SDP LEADER DAVID OWEN SAW THE PRESIDENT EARLIER THIS WEEK AND GOT GREAT COVERAGE ON BRITISH TV SAYING, WITH THE WHITE HOUSE IN THE BACKGROUND, THAT HE ADVISED THE PRESIDENT NOT TO BREAK OUT OF SALT II AND TO REASSURE MOSCOW ON SDI.

6. THATCHER MAY WANT TO USE YOUR VISIT TO MAKE CLEAR PUBLICLY THAT SHE IS THE ONE WHO CONVEYS BRITISH VIEWS ON SUCH ISSUES. HMG ALSO BELIEVE WE SHOULD STICK WITH SALT II, AND THATCHER HOPES THERE WILL BE NO DECISION, OR LEAKS OF A DECISION, BEFORE SHE SEES YOU.

W79 ARTILLERY SHELLS

7. HESELTINE HAS STIRRED UP HOWE AND THE PM ON THIS ISSUE. HE MAY BE A BIT EDGY THESE DAYS WITH RUMORS OF A RESHUFFLE THAT WOULD SEND HIM TO TRADE AND INDUSTRY AND PETER WALKER TO DEFENCE.

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8. IN ANY EVENT, WHEN I TALKED THIS MORNING WITH HESELTINE, HE WAS IN A HUFF THAT, AS HE PUT IT, THIS IS THE THIRD TIME WE HAVE NOT NOTIFIED HIM ON A DECISION OF CONCERN TO THE UK. HE CITED SDI, THE CONVENTIONAL DEFENSE IMPROVEMENT (CDI) INITIATIVE, AND NOW W79, WHERE WE DID NOT CONSULT WITH THE BRITS BEFORE DECIDING TO SHIP W79 SHELLS TO OUR FORCES IN THE FRG. HESELTINE IS PARTICULARLY CONCERNED ABOUT PRESS CHARGES THAT MINISTERS HAVE MISLED PARLIAMENT ON THE ISSUE OF NUCLEAR MODERNIZATION. IF CHALLENGED IN THE COMMONS AGAIN, HESELTINE SAID HE WOULD HAVE TO TAKE THE LINE THAT HE WAS NOT CONSULTED. HE WOULD ALSO HAVE TO SAY THAT THERE WAS A DIFFERENCE BETWEEN US AND UK INTERPRETATION OF WHAT WAS AGREED AT THE NPG REGARDING IMPLEMENTATION OF SACEUR'S REPORT. THATCHER WILL WANT TO GO OVER THIS GROUND WITH YOU.

9. ON A LIGHTER NOTE, CAROL AND I LOOK FORWARD TO HAVING YOU AND OBIE WITH US DURING THE CHIEFS OF MISSION CONFERENCE.
PRICE

SECRET

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