

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER  
AND THE PRIME MINISTER OF PORTUGAL ON TUESDAY,  
14 FEBRUARY 1984 AT H. M. EMBASSY, MOSCOW

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Present

Prime Minister

Dr. Mario Soares

Foreign and Commonwealth  
SecretaryPortuguese Ambassador  
to Moscow  
(Sr. Antonio Patricio)

Mr. Coles

Sr. Nunes Barata

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Dr. Soares thanked the Prime Minister for receiving him. It was an honour to meet her for the first time. Britain and Portugal, being the oldest allies in Europe, had many common interests. He was looking forward to the Prime Minister's visit to Portugal which would be the first visit by a British Prime Minister in office. The Prime Minister commented that, after 600 years of alliance, this was almost incredible. Dr. Soares said that the visit would be a very important opportunity to reinforce the ties between the two countries. It also had importance because Portugal was engaged in a diplomatic offensive to secure support for its accession to the European Community. The Portuguese Government counted on British support.

The Prime Minister said that she was very much looking forward to visiting Portugal. She would arrive, as Dr. Soares had suggested earlier, in time

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in time to have a private lunch with him on 17 April and would stay late enough on 19 April to call upon President Eanes. She wanted the visit to be a great success for the sake of our past alliance and for the sake of the future. It was vital that Portugal should enter the European Community on time. She hoped that the Community's internal difficulties would be resolved and saw no reason why they should not be.

Dr. Soares expressed the hope that the Prime Minister would visit Oporto. It was <sup>the</sup> Portuguese city with the biggest British influence and the largest British colony. It was also the most developed and most industrialised city in the country. The warmest welcome accorded to HM The Queen had been that given by Oporto. The Prime Minister said that she would much like to include Oporto in her itinerary, provided the visit could still be completed in the allotted time.

In response to a question from the Prime Minister, Dr. Soares said that the situation in Portugal was very difficult. The country had only recently given independence to its colonies and this Act lay at the root of some of its political and economic problems. For example, one million Portuguese had returned to Portugal. The country did not produce oil, had to import grain and so was a victim of the international / economic



economic crisis. For almost 50 years it had been paralysed by Salazar's dictatorship and had been cut off from the world and from normal economic life. 1975 had been a year of great disturbance when an attempt had been made to turn Portugal into a kind of Cuba. The Americans, Dr. Kissinger above all, had been resigned to the idea of losing Portugal to Communism. The Prime Minister observed that the UK had never taken that position. One of the most remarkable stories of modern times was the struggle of the people of Portugal to win their country back from Communism. Dr. Soares said that the credit was due mainly to those who had always opposed dictatorship and the Communist Party. Europe had given the necessary support but Dr. Kissinger believed that Portugal was lost. He had said to Dr. Soares, when as Foreign Secretary he had visited the United States at that time, that he would become the Portuguese Kerensky. Happily, that period of difficulty had been overcome. Now there was a normal democratic situation. But there was a strong Communist Party and some of the military were linked to it - this was a kind of heritage from the revolutionary period. The last step in normalisation had been the revision of the Constitution and the disappearance of the Revolutionary Council. President Eanes had been democratically elected but he was nevertheless the last representative of the military strand in politics.

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Following further observations on the internal political situation, Dr. Soares said that, the Communist Party apart, there was general support in Portugal for EC membership. It was essential that a quick response was given to the Portuguese request for entry, hopefully by the summer of this year.

Portugal was engaged on a courageous programme of modernising the economy. It was difficult to implement but it was the only way, after financial restructuring, to solve Portugal's problems. When he had come to power in June 1983, his country faced a balance of payments deficit of 3 billion 200 million dollars. This had been reduced to 1 billion 800 million dollars. This achievement had required a very austere budget. The currency had been devalued by 12%, salaries had been reduced and taxes had been increased. A high social price had been paid in terms of unemployment. The Prime Minister said that she understood these difficult decisions. Dr. Soares said that Portugal needed much support to implement this programme of modernisation and needed to know whether it could count on Europe or not. The only alternative to this was a closer relationship with the US. The Prime Minister observed that these two alternatives were not mutually exclusive. We wanted Portugal in the European Community but if it could also secure US

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support, that would be a great benefit. Dr. Soares agreed but repeated that Portugal's problem was whether Europe could be counted on or not. Agreement had been reached with the US about military bases in the Azores. Portugal intended to develop its relationship with America but felt itself a European country. He had been Prime Minister in 1976 when Portugal made its application for EC membership. Eight years later no agreement had been signed. He could not keep explaining this position to the Portuguese people. Therefore the negotiations must be concluded and the Treaty signed this year. Ratification could take place later. Without this minimum achievement, it would be difficult to retain stability. Portugal was the poorest democracy in the world. It stood on the border line between underdeveloped and developed country. The Prime Minister agreed that <sup>Portuguese</sup> entry was important for Europe and the world. But it was also important that Europe and the US stay together.

Dr. Soares said that Spain was in a very similar situation. If it did not join the EC, it might follow a neutral course. Stability in the Western part of Europe was imperative.

Portugal had close relations with Africa and believed that it still had a mission to accomplish in preventing Angola and Mozambique from becoming Marxist. Portugal's knowledge of these countries



was important for Europe. The Foreign and Commonwealth Secretary commented that he had found the insights of the Portuguese Foreign Minister into African developments very valuable. President Machel's visit to London had been a great success. The Prime Minister said that she believed that we had been able to move President Machel a little closer to the West. He had earlier been very helpful over the independence of Zimbabwe. So we had greeted him as a friend.

Dr. Soares said that President Machel had spoken to him in similar terms yesterday when he had met him. There was still much to be done in Mozambique. He had noticed that at the funeral ceremony in Red Square earlier in the day the West and the so-called friendly countries had been divided into two separate groups. President Machel was still in the non-Western group. The Foreign and Commonwealth Secretary commented that President Machel had nevertheless appeared very glad to meet Western leaders.

Dr. Soares stated that Portugal now had a close relationship with South Africa. It supported American ideas on Angolan /South African meetings with the objective of persuading South Africa to withdraw from Angola. Portugal had a strong interest in agreement being reached on the problems of Angola and Namibia. The Prime Minister said that two years ago she had been more optimistic than she now was that a settlement of the Namibian problem could be achieved. The

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The Foreign and Commonwealth Secretary expressed the view that South Africa was now more anxious to achieve a settlement. The question was whether the Angolan Government could find the will and the resources to get rid of the Cubans. Dr. Soares said that it remained to be seen what could be achieved during the next month. The situation in Angola had never been so critical as it was now. The Government had no stability and no charismatic leader.

Returning to the European Community, Dr. Soares recalled that the Prime Minister had described Portugal's membership, in a letter to him, as vital for democracy. It was frustrating that accession had not yet occurred. The Prime Minister said that she hoped the Community would solve its internal problems at its next two meetings. We understood that the politics of Portuguese accession were even more important than the economic aspects. We would do all we could to help.

Dr. Soares said that our bilateral relations were very good. He hoped the British presence in Portugal would increase. Many sectors, for example, banking and insurance, were open to foreign businessmen. Already many British firms were active in the country. Portugal was interested in British technology. The Prime Minister noted these remarks and said that the important step was the basic decision on Portugal's membership of the European Community.

The discussion ended at 1712 hours.

14 February 1984

A. J. C.



CC MASTER SET



10 DOWNING STREET

*From the Private Secretary*

14 February, 1984

*Dear Roger,*Prime Minister of Portugal

Dr. Soares called on the Prime Minister in Moscow on 14 February. I enclose a record of the conversation.

I am copying this letter and enclosure to Richard Hatfield (Cabinet Office).

*Yours ever**flw*

R. B. Bone, Esq.,  
Foreign and Commonwealth Office

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