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Foreign and Commonwealth Office

London SW1A 2AH

8 June 1987

*com.**Dear Charles,*Venice Summit : Shipping in the Gulf

I enclose revised briefing for the Venice Summit in the light of President Reagan's letter of 4 June to the Prime Minister (a copy of which is enclosed for ease of reference) and a preliminary discussion of the American approach to shipping in the Gulf which FCO officials had on Friday 5 June with Dick Murphy.

There is no need for a formal reply to President Reagan's letter at this late stage. The President is already in Venice. The briefing reflects preliminary advice that there would be little difficulty in responding favourably without conceding anything of substance, to the President's two requests in his penultimate paragraph for:

- (a) more public affirmation of the importance of the Gulf region to our common interests and British activity to advance these interests; and
- (b) more visible naval exercises in the area with USN ships, provided we could control the way in which passing exercises were presented.

We understand from Mr Murphy that the US is also likely to canvass support at Venice for a wider international conference on Gulf security, and perhaps even on joint contingency planning, involving both Western and Gulf Arab states. We see little utility and many difficulties with this idea: it will need further study. The GCC countries appear increasingly alarmed at the prospect of Superpower rivalry in the Gulf and we understand that the Saudis have discouraged the Americans from seeking facilities for US combat planes in Saudi Arabia to provide air cover for their naval ships.

I am copying this letter to Sir Robert Armstrong.

Yours ever, *R N Culshaw*

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(R N Culshaw)
Private Secretary

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