

PRIME MINISTER

MEETING WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary this afternoon. Subjects which may arise are:

(i) Commonwealth Heads of Government Meeting

He may wish to let you have his reflections on this meeting. You are due to make a statement to the House tomorrow. Our information is that the Labour Party are likely to concentrate their attacks on Messrs. Ingham and Powell for their alleged mis-information campaign, on your branding of the ANC as a terrorist organisation and on the allegation that by opposing sanctions and actively encouraging investment in South Africa you are condoning the apartheid regime. All these points are, of course, perfectly easy to answer.

(ii) European Community

The Foreign Secretary will want to let you have his impressions of the prospects for reaching agreement on the future financing of the Community in December, based on discussion at the EC Foreign Affairs Council earlier this week. They do not look very bright. You have a meeting next week with the Foreign Secretary, the Chancellor and the Minister for Agriculture to consider the way forward.

(iii) The Foreign Secretary's meeting with Secretary Shultz

The Foreign Secretary will want to report on his meeting yesterday with Secretary Shultz. It will be interesting to hear whether Shultz got anywhere with his new ideas for giving a kick-start to Arab/Israel peace negotiations during his recent visit to the Middle East.

(iv) NATO Summit

The President is not willing to come to Europe for a NATO Summit ahead of his meeting with Gorbachev (but does seem ready to contemplate a NATO Summit afterwards). There seems no realistic prospect of changing the President's mind. The alternatives are:

- to seek a meeting of NATO Foreign Ministers before the Gorbachev meeting;
- to press for a Heads of Government meeting immediately afterwards; or
- to leave a Heads of Government meeting until next spring, to take stock of NATO in a wider sense. This avoids the impression that other NATO Heads of Government are just expected to rubber-stamp US/Soviet conclusions.

(v) U.S. Economy

You may wish to mention the idea of your sending a message to the President about the US economy and possible tax increases.

(vi) Aid Budget

You will want to discourage the Foreign Secretary from going to Star Chamber.

C.D.R

Charles Powell

21 October 1987