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SUBJECT

CC MASTER

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From the Private Secretary

17 March 1988

## PRIME MINISTER'S BILATERAL WITH THE FOREIGN SECRETARY

I have recorded separately the Prime Minister's discussion with the Foreign Secretary this evening on Southern Africa and on onward State Visits. You may like in addition to have a brief checklist of other points covered.

Arab/Israel

The Prime Minister said she had the impression that the Americans had let Shamir off lightly. She thought it regrettable that they had urged us to press King Hussein to make concessions and had then failed themselves to exert adequate pressure on Shamir.

Minesweeping operations in the Gulf

The Foreign Secretary referred to the note which would be coming to the Prime Minister about the renewed Dutch interest in an integrated force under permanent United Kingdom command. The Prime Minister said that she would consider this.

Anglo-German relations

The Foreign Secretary said that we needed to give thought to our handling of relations with the Federal Republic in the wake of the rather difficult encounters at the European Council and the NATO Summit. We should need to set a date in due course for a further Anglo-German Summit, possibly in the early autumn. He would return to this point.

Commission of the European Communities

The Prime Minister indicated that she would like to discuss soon the question of a possible successor to M. Delors as President of the Commission and the choice of British Commissioners.

Hong Kong Defence Costs

The Foreign Secretary said that he thought the Prime Minister's decision that the shortfall which would have to be made up by HMG under the proposed Hong Kong Defence Cost Agreement should be financed by the MOD and FCO jointly was

not justified. There had never been any question of the FCO contributing to the cost of this Agreement and there was no provision in its programme to do so. The Prime Minister said that she was not prepared to tell the MOD to meet the full costs and there seemed to be insuperable reasons to waive the VAT charges. Her instruction had been that the MOD and FCO should meet the shortfall in equal proportions. However the Foreign Secretary was at liberty to discuss alternative arrangements with the MOD and Treasury.

Prime Minister's visit to Turkey

The Foreign Secretary argued the case for a senior FCO official to accompany the Prime Minister on her visit to Turkey. The Prime Minister said that she was very reluctant to increase the size of her party on foreign visits or to do anything which detracted from the leading role of the local Embassy in them. The matter was left open.

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