

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a talk with the Foreign Secretary tomorrow evening.  
I know that he wants to raise two subjects:

The Gibraltar Inquest

He continues to suffer great angst about this. But the unfortunate slip over announcement of the postponement of the inquest does not, in fact, seem to have made much of a story here. There are still a number of other pitfalls. The Chief Justice of Gibraltar is trying to persuade the Coroner to withdraw and to allow a senior Judge to hold the inquest, but the Coroner is proving resistant. We obviously cannot and must not have any direct role in this.

Hong Kong

The Foreign Secretary is going to Hong Kong on Thursday and wants to tell you how he will handle his visit.

For your part, you may like to tell him about today's discussion of Airbus and see how he feels about the political costs of withdrawal from the A330/340 project. You might also have a brief word about events in Hungary and the prospects for the US/Soviet Summit. You have of course sent messages to both President Reagan and Mr. Gorbachev and we feel fairly secure that there will be no surprises.

One final point which may need a discussion is relations with Ireland. As you will see in the telegrams, our Ambassador in Dublin had a very forthright session with Mr. Haughey (spurred on by your talk with him). We have now "hit" Haughey hard from three directions: your letter, Tom King's session with him and now the Ambassador's talk. The question is whether we

now start suggesting a meeting in the margins of the European Council in Hanover or simply let him stew. There is something to be said for Pavlovian treatment, i.e. showing a bit of kindness and suggesting a meeting. This may discourage him from overreacting to the pressure we are putting on him. But the risk is that it gives him an excuse not to reply in writing to your letter.

e.d.

Charles Powell

24 May 1988