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PRIME MINISTER

CLOSED UNDER THE

BILATERAL WITH THE FOREIGN SECRETARY FREEDOM OF NOOMATION

You have a bilateral with the Foreign Secretary damorrow afternoon. He would like to raise the following points.

South Africa

You have agreed to send a message to President Botha before the end of the month and following your meeting with Chief Buthelezi next week. He wants to discuss the general drift of this. I think the message will have to express impatience with the failure to make any visible progress on political reform, and point to the difficulties this will cause with a new US Administration. Your ability to influence them will depend on having something to show. It might also warn of the disproportionate damage being done to South Africa's image by the draft law on contributions to voluntary organisations. You will want to mention Mandela, and encourage progress on Angola.

Iran/Iraq

You will want to discuss the situation following Iran's acceptance of a cease-fire, in particular how we can persuade Iraq to exercise restraint: whether we should volunteer any help with the UN observer force: any implications for the hostages: and what it means in terms of our relations with Iran. I think that, if a cease-fire does come into effect, it only strengthens the case for you to stop in Dubai on the way back from Australia and visit the Armilla Patrol.

House of Fraser,

He wants to bring you up to date on the inquiry into House of Fraser

understand that the report is just about complete and that it is likely to be referred to the Director of Public Prosecutions. This will mean a further delay before anything is published.

CDI

(C. D. POWELL)

19 July 1988

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