

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. The subjects which he wants to raise are:

- Palestine. He wants to talk about our attitude to the Palestinians. The EC agreed a statement yesterday which goes slightly but perceptibly further towards welcoming the decisions of the PNC than your own statement in Washington, although to be fair he had to fight off the French and Italians who wanted to go much further.

No
The FCO have floated in the press the suggestion that we shall now agree that senior ministers should meet the PLO. I think this would be a mistake. It would get us offside with the Israelis and the Americans, who are the two governments we most need to be able to influence. And anyway, the PLO have yet moved far enough to merit this accolade. They have still not fulfilled the criteria for a meeting which you set during your visit to Jordan in 1985.

- Environment initiatives. He wants to talk to you about Mr. Ridley's proposed conference on the environment and emphasise the importance of bringing along the French. This will probably involve being more positive than we would otherwise judge sensible towards the French proposal for a new environmental institution. The French proposal is actually batty, but we may be better able to restrain it by participating in meetings to discuss it than by giving it the cold shoulder altogether.
- Mr. Gorbachev's visit. He will want to talk to you about Gorbachev's visit and in particular the extent to which he will be involved in talks with Gorbachev. The clear steer from Zamyatin is that Gorbachev wants to preserve

the usual form of having talks with you alone, while other Ministers meet in parallel. My understanding is that you intend to see Gorbachev alone at Chequers on the morning of 14 Decmeber, bringing in other Ministers for a working lunch; and that the talks on the second morning in No. 10 should equally be between you and Mr. Gorbachev. We still await the Russians reaction to the programme proposals as a whole.

- Northern Ireland: devolution. He apparently wants to raise with you the way ahead on devolution. But this is a subject which needs to be discussed with the Northern Ireland Secretary present rather than just the Foreign Secretary alone.
- Public handling of foreign affairs. He apparently intends to raise the handling by the No. 10 Press Office of the question of a possible visit to Zambia and the advice the Government would give to The Queen on a visit to the Soviet Union. You will I am sure want to defend Bernard stoutly: he has been traduced by the press, who have built a pyramid of speculation upon some very limited comments. Bernard has done an outstanding job in the public presentation of your visits to Poland and Washington.
- Hong Kong. You wanted to raise with the Foreign Secretary the concerns being expressed to you from various quarters (no need to mention sources) about the situation in Hong Kong. There are complaints that too much attention is devoted to keeping the Chinese Government happy: that British interests, particularly commercial interests, are being neglected: that there is no strong British voice in Hong Kong: that we ought to establish a British Commissioner quite distinct from the Governor, who would become a sort of Consul-General-in-Waiting for the post-1997 period who would be responsible for pursuing purely British interests now. There are also concerns about the restrictive practices

on civil aviation which are not consistent with preserving Hong Kong's reputation as a centre of free enterprise and competition; and renewed worries about our refusal to offer Hong Kong Chinese prepared to invest in this country citizenship, as a result of which Canada and Australia are getting all the best ones. I have asked for a note on these points as a prelude to discussion with the Chancellor, Home Secretary and Trade and Industry Secretary. But - health warning - this will not be well received by the Foreign Secretary.

C.D.P.

C. D. POWELL

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