

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. He is away in Vienna today. The subjects I think he will want to discuss are:

- Arab/Israel: he will want to talk about Mr. Waldegrave's meeting with Arafat and fall-out from it, and how we take forward our policy in the Middle East. The focus must now shift to Israel and to getting ourselves on a firm footing with the new Israeli Government. At your request, the Foreign Secretary has invited Mr. Arens to come on an early visit. Mr. Shamir will probably not take up your invitation until April or later. Meanwhile, one of the lessons of the events of the last few days has been the changing attitude of members of the Jewish community and their MPs. More generally, we must not pump up expectations too much. It is bound to be some time before the Americans are ready to come forward with ideas.

- Gorbachev's visit: the Foreign Secretary will be aware of your talk with the Soviet Ambassador. There is nothing more to be done on this for now. Meanwhile, there is the awkward issue of expulsion of members of the Soviet Embassy to cope with. We must go ahead with this but should try to avoid publicity (which will be difficult).

Libya: the Americans seem to have shifted away from any idea of bombing the chemical weapons plant. But their ploy has had the effect of shaking the Germans out of their lethargy and into doing something about the supply of materials for the plant by German firms.

- Southern Africa: we are announcing your visit to Southern Africa at the end of this week. All four Governments concerned have warmly welcomed the idea of your visit. We shall now get down to detailed programme planning. We await to hear whether President Chissano is able to come to Zimbabwe to meet you. We have said nothing to the South Africans about a possible stop-over there.

- Namibia. You remain uneasy about the arrangements for Namibia's independence. We cannot re-open the provisions of SCR 435. But we should look at ways in which we could improve the prospects that the elections will be fair, perhaps by discreet support and advice for the internal parties - SWAPO have all the help they need and more. What happens in Namibia will have a profound effect on the prospects for peaceful change in South Africa itself.

- Hong Kong: you may want to convey to the Foreign Secretary your strong feelings about the discrepancy between the way the Portuguese are treating their nationals in Macao and the infinitely more restrictive treatment meted out to British passport holders in Hong Kong. This is not to say that we should do as the Portuguese do: the numbers make that impossible. But it does suggest that we could be a little more flexible e.g. on civil servants and others who have worked very closely with HMG.

C.D.T.

CHARLES POWELL

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