

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. Points which he will raise are:

- Gibraltar. He will just have returned from his visit and will want to tell you about reactions to our decision to reduce the garrison. You will want to ask how matters stand on the airport agreement.
- Germany. You saw the telegrams reporting his talk with Genscher. The outlook on modernisation/SNF is not bright: the German cabinet discussion planned for today was cancelled. The election result in Berlin will have caused consternation within the coalition. You will need to consider very carefully tactics for the summit with the Germans on 20/21 February, both on the modernisation issue and on monetary issues.
- Embassy in Kabul. The Foreign Secretary will want to bring you up to date on evacuation plans.
- Hostages. I do not think there is anything new. All one can say is that there is a great deal going on between Iran and Syria and their respective militias in Lebanon at present, which might create conditions for the release of the hostages.
- Expulsion of Soviet spies. It's up to you whether to raise this. I am not sure there is much to be gained - you have drawn your own conclusions about the Express story.
- Senior Appointments in the FCO. He wants to have a talk on this soon, although it's up to you whether to do so tomorrow. I attach a separate note, in case you do.

C.D.P.

(C. D. POWELL)

31 January 1989