

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

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

Iran

He wrote last week setting out options for further action against Iran. You commented that they were not very decisive or up to the task. The Foreign Secretary has subsequently chaired an interdepartmental meeting to produce further proposals. This is likely to recommend closure of the Iranian Consulate-General in Hong Kong and expulsion of some locally engaged staff in London now, with other measures held in reserve. There is not much enthusiasm for my suggestions of a private but explicit warning to the Iranians of the sort of action which would follow an attempt on Rushdie or other terrorist act; and that we might consider strengthening the Armilla Patrol temporarily as a warning signal to the Iranians.

Meeting with Baker and Shevardnadze

He will want to tell you about his meetings in Vienna with Baker and Shevardnadze. His feeling from talking to Baker was that the Americans are heading for a fudge on SNF modernisation. The Dutch are clearly angling for the same. Yet Bush's message suggested that he agreed with your view.

Middle East

You may like to ask for the Foreign Secretary's assessment of William Waldegrave's visit to Israel. King Hussein is coming to lunch with you next Monday and will probably seek some sort of help over Jordan's economic problems. We also have indications that Shamir may want to come in mid-May.

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South Africa

We are beginning to plan your visit to Namibia. But you will need to take a firm line with Pik Botha, warning him off from trying to take over the visit.

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(C. D. POWELL)

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