

cc Baker

CONFIDENTIAL

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow. He has recently attended an informal meeting of EC Foreign Ministers in Spain, and visited Washington for meetings with President Bush and Secretary Baker.

Points you need to cover are:

- visit to Washington. He will want to give you his impressions of where the Americans have got to with their policy review, and their reactions to your meeting with Gorbachev.
- SNF modernisation. You will have seen the telegrams reporting the unsatisfactory outcome of the Foreign Secretary's discussions with Jim Baker. It is clear that the Americans are ready to settle for a lot less than we consider necessary.
- Economic and Monetary Union. The Chancellor used the agreed line in his press conference in Luxembourg. Other governments reacted quite positively to the Delors Committee proposals. We are in for a long war of attrition.
- EC matters. You will want to make clear to him your concern at attempts by the Commission to extend Community competence into new areas and the need for us to react very vigorously to every manifestation of this.
- Lebanon. You will want to discuss how we follow up your talk with President Mitterrand and subsequent discussion with the UN Secretary-General.

LM12
Paris Club
C DP
Charles Powell
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Poland. We are in danger of losing our leading role. We need an early decision on economic help.
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