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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. There are a number of points he wants to cover:

- Iran He wants to discuss how we should act on the latest threats made by Rafsanjani. It seems to me we need some more demonstrative action by the Europeans.
- Yugoslavia You saw the JIC note last night about the probable involvement of the Yugoslavian Intelligence Service in the attempted assassination of a émigré dissident in Scotland. The question arises whether we should now take some action, eg by expelling a member of the Yugoslav Embassy.
- Soviet Union You have agreed to the proposed expulsions of the Russians on 19 May. The only question is whether we should act against the Czechs simultaneously or later. You commented that you would want both sets of expulsions out of the way before the NATO Summit and President Bush's visit. In practice that leaves only a week in hand after the action against the Russians, in which case the sensible course would surely be to do both lots simultaneously on 19 May.
- South Africa It seems unlikely that the South Africans will retaliate over our recent expulsion of three members of their Embassy. We should seek to draw a line under the episode.
- SNF You will want to check the line which the Foreign Secretary proposes to take with Herr Genscher on Thursday to be sure that it is sufficiently robust. Chancellor Kohl suggested that Herr Teltschik and I should meet, but it seems best to let the Germans make the first move and I have not done anything about this. The Foreign



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Secretary will also be seeing Jim Baker in Brussels at the end of the week, when the latter will be de-briefing NATO on his visit to Moscow. That would be an opportunity also to stiffen him on SNF.

The impression persists that the Americans - despite their firm words - will eventually look for a compromise rather than have a major row at the Summit. It seems to me this is likely to consist of defining the place of SNF negotiations in an overall pattern of East/West negotiation, so that they fall the far side of agreement on conventional forces reductions.

Senior Appointments in the Diplomatic Service

I think that the Foreign Secretary wants to return to this subject on which there have been further discussion within the Foreign Office. I attach a separate note summarising such intelligence as I have.

CD?

C. D. POWELL

9 May 1989

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