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PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow afternoon. The main subjects are:

- Hong Kong. The Foreign Secretary goes out there at the weekend. I have given you my impressions from my own visit (copy in folder). Particular aspects you will want to cover are:

constitutional development and the Governor's visit to Peking:

- ← the need for a more robust promotion of British interests in Hong Kong:
- the future of the Governor.

A point which I neglected to make in my own note is that I still believe holding the 1991 Economic Summit in Hong Kong would be an imaginative initiative and do wonders for confidence there.

*It is just NOT on. It would anger the Chinese with possibly bad consequences and I doubt whether*

*the USA would be very welcome.*

- Meeting with President Mitterrand. It will not be enough, when you see President Mitterrand on 20 January simply to repeat concern about the prospect of German reunification. The FCO need to come forward with some specific suggestions which you could put to President Mitterrand for guiding and constraining movement towards reunification and for bringing Britain and France closer together. This may mean repeating some of the suggestions you have made before, e.g., in the defence area. But there is no harm in reminding the French that they have failed to respond to earlier overtures.

- South Africa. Mandela's release is clearly getting closer. We must be ready to respond rapidly and positively by rescinding some of the measures against South Africa. You would intend to make a reasonably early visit there.

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- Senior Appointments in the Diplomatic Service. The Foreign Secretary wants to discuss this. I attach a separate note.
- A more active foreign policy. I have been impressed (or rather depressed) again this year by how slow off the mark FCO so often are in following up good ideas, let alone having any. For instance, you were first off the mark in proposing a new relationship between the EC and Eastern Europe: but your idea was allowed to languish and it was the fairly dim French proposal for a Development Bank which got all the headlines. Again, you were way ahead of others in talking about the need to think beyond the bounds of the existing Community to a wider Europe. Now that idea is being taken up and developed by President Mitterrand and others, while we seem to have done nothing. Time again over the last six months we have been left flat-footed by the French. You have played a crucial part in the 1980s in shaping East/West relations, arms control, the debate on Europe's future, Southern Africa and Anglo/US relations. Too often it has been over the FCO's dead body or, at best, with their reluctant acquiescence. Our foreign policy machine needs first to have more imagination and come forward with more ideas: and second to swing into action and follow through your ideas much more effectively and rapidly. You might urge the Foreign Secretary to galvanize the FCO at the start of a new decade.

C.D.?

CDP

9 January 1990

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