

PRIME MINISTER

BILATERAL WITH THE FOREIGN SECRETARY

You have a bilateral with the Foreign Secretary tomorrow, the last before September. The subjects to cover are:

- Czechoslovakia. He has just returned from a visit, and will have discussed the programme for your visit in September. We still don't know for sure whether the proposed overlap with President Mitterrand is on.
- Meeting with President Bush. You are to have a meeting with the President in Aspen on 2 August. He said in Houston that one of the main issues he wanted to discuss was the future of US/European relations, on which he saw problems coming. There are faint hints of American dissatisfaction with the way the Germans are pushing a strong European line 'against' the US: and rushing off to settle important issues direct with the Russians. Having now achieved their main aim of a United Germany in NATO, the Americans may be rather less convinced of the need to handle the Germans with kid gloves.
- Middle East. The situation between Iraq and Kuwait is worrying, although it may be a war of nerves. The potential for conflict here and over Kashmir will probably remain a worry through the summer and autumn.
- Anglo-German Relations. You are seeing Genscher next Monday: and have suggested an early bilateral to Chancellor Kohl. One opportunity will be in the margins of the EDU Conference in Helsinki in late August.
- Europe. The Chancellor made some limited but useful ground in ECOFIN on our hard écu. But the Italian Presidency seems to have unrealistic ideas for wrapping up EMU at the IGC in December. Does the Foreign

Secretary have a clear strategy mapped out for the autumn? At what stage should you be trying to enlist political support from some European Heads of Government?

C.D.P.

CDP

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